



CIMA Exam Practice Kit

Management Paper E2
Project and Relationship Management

For exams in 2018



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CIMA

MANAGEMENT LEVEL

PAPER E2

PROJECT AND RELATIONSHIP
MANAGEMENT

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FOR EXAMS IN 2018

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Using your BPP Exam Practice Kit

One of the key criteria for achieving exam success is question practice. There is generally a direct correlation between candidates who study all topics and practise exam questions and those who are successful in their real exams. This Kit gives you ample opportunity for such practice throughout your preparations for your OT exam.

All questions in your exam are compulsory and all the component learning outcomes will be examined so you must **study the whole syllabus**. Selective studying will limit the number of questions you can answer and hence reduce your chances of passing. It is better to go into the exam knowing a reasonable amount about most of the syllabus rather than concentrating on a few topics to the exclusion of the rest.

Practising as many exam-style questions as possible will be the key to passing this exam. You must do questions under **timed conditions**.

Breadth of question coverage

Questions will cover the whole of the syllabus so you must study all the topics in the syllabus.

The weightings in the table below indicate the approximate proportion of study time you should spend on each topic, and is related to the number of questions per syllabus area in the exam.

E2 Project and Relationship Management	
Syllabus topics	Weighting
A Introduction to strategic management and assessing the global environment	30%
B The human aspects of the organisation	20%
C Managing relationships	20%
D Managing change through projects	30%



The Objective Test exam

The Objective Test exam is a computer based assessment, which is available on demand at assessment centres all year round.

Objective Test (OT) exams in each level can be taken in any order, but candidates must pass all the OT exams for a level before they can sit the Integrated Case Study Exam for that level.

Each exam lasts for 90 minutes and the pass mark is 70%.

Results are available shortly after the test has been completed, and the results will include feedback.

The exam will be made up of different types of questions, including:

Question Type	Explanation
Multiple choice	Standard multiple choice items provide four options. One option is correct and the other three are incorrect. Incorrect options will be plausible, so you should expect to have to use detailed, syllabus-specific knowledge to identify the correct answer rather than relying on common sense.
Multiple response	A multiple response item is the same as a multiple choice question, except more than one response is required. You will normally (but not always) be told how many options you need to select.
Drag and drop	Drag and drop questions require you to drag a 'token' onto a pre-defined area. These tokens can be images or text. This type of question is effective at testing the order of events, labelling a diagram or linking events to outcomes.
Gap fill	Gap fill (or 'fill in the blank') questions require you to type a short numerical response. You should carefully follow the instructions in the question in terms of how to type your answer – eg the correct number of decimal places.
Hot spot	These questions require you to identify an area or location on an image by clicking on it. This is commonly used to identify a specific point on a graph or diagram
Drop-down list	Drop-down lists follow the same principle as multiple choice questions, in that you need to select one option from a pre-defined list. This can be used in conjunction with a gap-fill question: for example, you may be asked to key a numerical answer into a gap-fill box and then select an explanation for the approach you've taken from a drop-down list.

Learning Objectives

The table below has been prepared by CIMA to help you understand the abilities that CIMA is seeking to assess.

Learning objective	Verbs used	Definition	Example question types
1 Knowledge			
What you are expected to know	• List	• Make a list of	MCQ
	• State	• Express, fully or clearly, the details of/facts of	MCQ
	• Define	• Give the exact meaning of	MCQ
2 Comprehension			
What you are expected to understand	• Describe	• Communicate the key features of	Multiple Response
	• Distinguish	• Highlight the differences between	Multiple Response
	• Explain	• Make clear or intelligible/state the meaning or purpose of	Drop down list
	• Identify	• Recognise, establish or select after consideration	Hotspot
	• Illustrate	• Use an example to describe or explain something	Drop down list
3 Application			
How you are expected to apply your knowledge	• Apply	• Put to practical use	Multiple response
	• Calculate/ compute	• Ascertain or reckon mathematically	Number entry
	• Demonstrate	• Prove the certainty or exhibit by practical means	Hotspot
	• Prepare	• Make or get ready for use	Drag and drop
	• Reconcile	• Make or prove consistent/ compatible	Drop down list
	• Solve	• Find an answer to	Number entry
	• Tabulate	• Arrange in a table	Drag and drop
4 Analysis			
How you are expected to analyse the detail of what you have learned	• Analyse	• Examine in detail the structure of	Multiple response
	• Categorise	• Place into a defined class or division	Drag and drop
	• Compare & contrast	• Show the similarities and/or differences between	Hotspot
	• Construct	• Build up or complete	Drag and drop
	• Discuss	• Examine in detail by argument	Multiple response
	• Interpret	• Translate into intelligible or familiar terms	Multiple response
	• Prioritise	• Place in order of priority or sequence for action	Drop down list
	• Produce	• Create or bring into existence	Drag and drop

Learning objective	Verbs used	Definition	Example question types
5 Evaluation			
How you are expected to use your learning to evaluate, make decisions or recommendations	• Advise	• Counsel, inform or notify	Multiple response
	• Evaluate	• Appraise or assess the value of	Multiple response
	• Recommend	• Propose a course of action	Multiple response

In your CBA, questions will be set which test up to the cognitive level of the verb in the component learning outcome in each paper's syllabus, so this means they will test up to level 5 verbs where the learning outcome permits this.

CIMA will limit the number of lower level questions in the exam – so that students will not be able to achieve the pass mark solely based on correctly answering knowledge and comprehension questions. Higher level questions, requiring candidates to demonstrate application, analysis and evaluation skills must be answered correctly for the pass mark to be reached.

Passing the E2 Objective Test exam

Tackling OTQs

- Read, and **re-read the question** to ensure you fully understand what is being asked.
- When starting to read a question, especially one with a lengthy scenario, **read the requirement first**. You will then find yourself considering the requirement as you read the data in the scenario, helping you to focus on exactly what you have to do.
- **Do not spend too much time on one question** – remember you should spend 1½ minutes, on average, per question.
- If you cannot decide between two answers – look carefully and decide whether for one of the options you are making an unnecessary assumption – **do not be afraid of trusting your gut instinct**.
- **Do not keep changing your mind** – research has shown that the 1st answer that appeals to you is often the correct one.
- Remember that marks are awarded for correct answers, and marks will not be deducted for incorrect answers. Therefore **answer every single question**, even ones you are unsure of.
- Always submit an answer for a given question even if you do not know the answer – **never leave any answers blank**.
- **Pace yourself** – you will need to work through the exam at the right speed. Too fast and your accuracy may suffer, too slow and you may run out of time. Use this Kit to practice your time keeping and approach to answering each question.
- If you are unsure about anything, remember to **ask the test administrator** before the test begins. Once the clock begins ticking, interruptions will not be allowed.
- Remember to **keep moving on!** You may be presented with a question which you simply cannot answer due to difficulty or if the wording is too vague. If you have only approximately 90 seconds per question, and you find yourself spending five minutes determining the answer for a question then your time management skills are poor and you are wasting valuable time.
- If you finish the exam with time to spare, use the rest of the time to **review your answers** and to make sure that you answered every OTQ.

Demonstrating your understanding of E2

The E2 examiner will expect you to demonstrate the following:

Application is important	You must be able to identify , apply and analyse key issues in a variety of question scenarios.
Use your strategy, management and project knowledge	You must be confident in explaining different approaches that management can employ to help the entity deliver its strategy or project successfully. You are encouraged to use your knowledge of the various theoretical models you have seen as part of your E2 studies when attempting questions.
Think about the context of the question	When reading through the scenario questions you need to think widely about the strategy of the organisation featured, the management styles of those characters mentioned and the controls the organisation uses in order to operate.
Show management awareness	Remember this is a Management level paper, so there is a strong focus on people. Always think about the practical implications that business decisions have on people.

All OTQs in all the exams are worth the same number of marks, both in this Kit and in the real exam. However, this is an approximate guide: some OTQs are very short and just require a factual selection, which you either know or you don't, while others are more complex, which will inevitably take more time. Note that the real exam will be balanced such that the 'difficulty' of the exam will be fair for all students – the OTQs in this Kit have also been balanced in a similar way.

Using the solutions and feedback

Avoid looking at the answer until you have finished a question. It can be very tempting to do so, but unless you give the question a proper attempt under exam conditions you will not know how you would have coped with it in the real exam scenario.

When you do look at the answer, compare it with your own and give some thought to why your answer was different, if it was.

If you did not reach the correct answer make sure that you work through the explanation or workings provided, to see where you went wrong. If you think that you do not understand the principle involved, work through and revise the point again, to ensure that you will understand it if it occurs in the exam.

Objective Test questions



1a Introduction to strategy

1a.1 Tim Company bases its competitive advantage on identifying activities that are imperfectly imitable.

This approach is referred to as:

- ☐ The positioning approach
- ☐ The ecological approach
- ☐ The resource-based approach
- ☐ The outside-in approach

1a.2 Sabrina Airways has an excellent reputation and brand image. This is achieved through investing in staff training and development to ensure customers receive the highest level of service.

Where in the value chain is Sabrina Airways adding value?

- ☐ Technology development, marketing and sales, outbound logistics
- ☐ Marketing and sales, outbound logistics, human resource management
- ☐ Firm infrastructure, marketing and sales, human resource management
- ☐ Human resource management, marketing and sales, service

1a.3 All companies need processes or activities that they must be good at just to be considered by a potential customer.

These are referred to as which of the following?

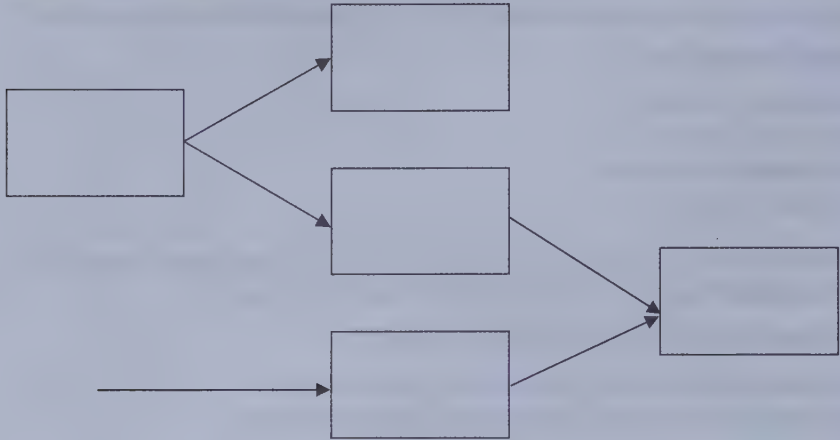
- ☐ Core competences
- ☐ Threshold resources
- ☐ Unique capabilities
- ☐ Threshold competences

1a.4 Corporate strategy is concerned with which of the following?

Select ALL that apply.

- ☐ Marketing decisions on price
- ☐ Decisions to enter new markets
- ☐ Routine decisions
- ☐ Production decisions
- ☐ Complex decisions
- ☐ Relations with external stakeholders
- ☐ Distribution decisions

1a.5 Write the types of strategy into the correct boxes in the diagram below to illustrate Mintzberg's emergent approach to strategy formulation.



- (a) Emergent strategy
- (b) Realised strategy
- (c) Deliberate strategy
- (d) Unrealised strategy
- (e) Intended strategy

1a.6 Match each aspect of a position audit with its definition:

- (i) Corporate appraisal
- (ii) Opportunities
- (iii) Weaknesses
- (iv) Environmental analysis
- (v) Strengths
- (vi) Threats

The combination of the internal position audit and the external analysis to produce a SWOT analysis.

Internal failures that hinder the organisation from meeting its goals

Events or changes in the organisation's environment which are unfavourable to the organisation and need to be guarded against

Events or changes outside the organisation that could be exploited to the organisation's benefit.

1a.7 Complete the paragraph using the words available.

Available options:

- inside-out view
- outside-in
- positioning
- resource-based
- unique

The view sees competitive advantage as coming from the way a firm positions itself in relation to its competitors, customers and stakeholders. The view suggests that the organisation should focus on developing a competence or asset and then find a market which wants it. This is also referred to as an .

1a.8 In comparison to the formal planning approach to strategy development, the emergent approach is associated with which THREE of the following?

- ☐ Visionary entrepreneurs
- ☐ Goal congruence
- ☐ A response to unexpected contingencies
- ☐ The belief that reliable assumptions can be made about the future
- ☐ Strategy can be tried and developed as it is implemented

1a.9 HKG Company is a manufacturer and retailer of luxury products including watches, jewellery and handbags. It has recently undertaken a corporate appraisal as part of its annual planning cycle.

From the external and internal analysis it has identified a number of factors which will have implications for its future strategy direction.

For each factor indicate if it is an opportunity, threat, strength or weakness, by writing each factor into the correct position in the table.

- (a) Political risk in a county where HKG exports to
- (b) Over reliance on external providers of quality raw materials
- (c) Excellent product design
- (d) Global economic recovery

Strength	Weakness
Opportunity	Threat

1a.10 There are many different definitions of strategy. Mintzberg suggests various definitions using five 'P's.

Complete the boxes by writing the 'P' from the list below next to the correct definition.

- (a) Perspective
- (b) Position
- (c) Ploy
- (d) Pattern
- (e) Plan

Definition

Strategy is a unique way of perceiving the world, interpreting information and judging opportunities and choices. Different organisations might respond to environmental stimulus in different ways.

Strategy involves manoeuvres to outclass competitors and can be viewed as a competitive business game.

Insert correct 'P'

1a.11 Write the following terms in the boxes, to show the correct hierarchy of goal structure (1 = the highest level) for strategy development.

- (a) Key Performance Indicators
- (b) Mission
- (c) Goals
- (d) Objectives

(1)

(2)

(3)

(4)

1a.12 When compared with the resource-based approach, the positioning approach to strategy:

Select **THREE** options.

- ☐ is outside-in
- ☐ is based on core competences
- ☐ ensures the organisation has a good fit with its environment
- ☐ focuses on what the organisation does best
- ☐ assumes the future of markets is predictable

1b Contemporary perspectives in strategy development

1b.1 CK Company, which specialises in knitwear, has identified that in order to achieve its diversification strategy it will need to form a relationship with another company. The target is a company called Wooldn't You Like To Know and CK intends to establish a legal contract to cooperate in defined ways to achieve specific objectives.

This is known as which of the following?

- ☐ Merger
- ☐ Outsourcing
- ☐ Strategic alliance
- ☐ Network organisation

1b.2 Which of the below statements are true of transaction costs?

Select **ALL** that apply.

- ☐ Transaction cost theory allows distinctive competences to be identified.
- ☐ Transaction cost theory supports organisational restructuring.
- ☐ IT increases transaction costs.
- ☐ Increased trust increases transaction costs.

1b.3 The characteristics of an emerging economy include which THREE of the following?

- ☐ Rapid economic growth
- ☐ Decline in manufacturing and associated increase in agricultural employment
- ☐ Overall improvement in living standards
- ☐ Increasing economic equality among citizens
- ☐ Increasing urbanisation

1b.4 What is the main difference between an acquisition and a merger?

- ☐ Acquisitions are paid for in cash but mergers are paid for in shares.
- ☐ Acquisitions involve one entity subsuming another but a merger is a meeting on equal terms.
- ☐ Acquisitions are always hostile but mergers are always mutual.
- ☐ Acquisitions are always mutual but mergers are always hostile.

1b.5 Objectives in the not-for-profit sector are usually focussed around the three E's of economy, efficiency and effectiveness.

CAT is a charity for the protection and re-homing of cats. For each of the following calculations carried out by CAT, state whether they address objectives related to economy, efficiency or effectiveness.

- (i) Economy
- (ii) Efficiency
- (iii) Effectiveness

Annual spend on veterinary fees

Number of cats re-homed this month

Average cost per animal per week

1b.6 Company HJJ is considering whether it should continue its payroll administration in-house or outsource it.

Complete the sentences using the available words below:

- specificity
- hierarchy
- transaction
- market
- temporal

If Company HJJ decides to do its payroll in-house, managers will then focus on monitoring and controlling that function's use and performance. This is known as a solution. The company may enter into a contract to buy in the payroll services from an external supplier as long as the costs associated with this last option are not too high. This option is called the solution.

1b.7 Company A has recently entered into an agreement with Company Z to manufacture and distribute company Z's products under Company Z's brand name.

Company B has a small head office in Newtown. All workers work from home using information technology as an enabler for communication and collaboration. Most workers do not have employment contracts with company B.

Company C was set up as a temporary measure by Companies D, E and F. Its objective is to perform some confidential research and development work.

Match the companies with the type of organisational structure.

- (i) Consortium
- (ii) Franchise
- (ii) Virtual network

Company A

Company B

Company C

1b.8 Transaction cost analysis recognises that a business carries out a series of transactions.

Which of the following is not a transaction cost associated with outsourcing the work of the payroll department?

- ☐ Loss of internal skills
- ☐ Contract price
- ☐ Contract negotiation costs
- ☐ Performance monitoring costs

1b.9 El Jefe is considering outsourcing its business support services (finance, and marketing which is largely social media-based). The Chief Financial Officer, Jon, has expressed concern about reducing costs and maintaining a robust level of governance over the work of the finance and marketing functions.

Which of the following will apply to the company in terms of transaction costs and control if the outsourcing option is adopted?

- ☐ Low transaction costs and low control
- ☐ High transaction costs and low control

1b.10 As ecological issues have become a more pressing concern for companies in the modern business environment, the ecological perspective of strategy has evolved.

Match the six ecological areas that need to be monitored to its description:

- (i) Production
- (ii) Environmental auditing
- (iii) Ecological approach
- (iv) Quality
- (v) Accounting
- (vi) Economic

Minimising inputs required to generate outputs	
Compliance with legislation, treatment of waste etc.	
Trace the full life-cycle of the product	
A TQM approach to continuous improvement	
Shadow pricing to quantify environmental consequences	
Environmental cost allocated to relevant processes	

1b.11 Ghoshal & Bartlett suggested that firms can replace traditional organisational structures with a network or virtual structure and buy in those value-adding activities they require.

Which one of the following does NOT support that suggestion?

- ☐ Capital assets can be leased
- ☐ Ability to outsource certain activities
- ☐ Legislation to make it easier to hire and fire employees
- ☐ Staff can be hired on a contract basis

1b.12 Company IEO has decided to make product BAC in its home country. The product is patented overseas but Company IEO has the exclusive rights to make product BAC independently for a period of three years under its own brand name.

This is an example of which one of the following?

- ☐ Franchising
- ☐ Joint venture
- ☐ Consortium
- ☐ Licensing

1b.13 Match each term with its definition.

- (i) Globalisation
- (ii) Glocalisation
- (iii) Internationalisation

An emphasis on customising products and services to fit local conditions.	
Functional integration of internationally dispersed activities.	
Extension of trade beyond national/economic/political boundaries.	

1b.14 Large companies often include a reference to social responsibility in their mission statements.

Which THREE of the aspirations below reflect a genuine concern for socially responsible behaviour?

To keep employees informed of policy, progress and problems.

☐

To provide good working conditions and decent rewards for all employees.

☐

To support the local community and preserve the environment.

☐

To conform with legislation in reducing the harmful waste products from our processes to an acceptable level.

☐

To pay at least the minimum wage to all employees.

☐

1b.15 Which of the following are examples of strategic alliances?

Select ALL that apply.

- ☐ Franchising
- ☐ Acquisitions
- ☐ Joint ventures
- ☐ Mergers
- ☐ Consortia
- ☐ Licensing

2 General environment

2.1 Which of the following characteristics create high barriers to entry to an industry?

Select ALL that apply.

- ☐ Low number of rivals
- ☐ High level of differentiation
- ☐ High entry costs
- ☐ Low mobility barriers
- ☐ Low cost structure
- ☐ Strong brand presence
- ☐ Highly vertically integrated firms

2.2 TWS Company owns a national chain of supermarkets in Country V. It has a strong brand in the marketplace, along with four other leading supermarket chains. Whilst the company deals with a number of different suppliers, its business represents a high proportion of the suppliers' total sales.

With reference to Porter's five forces model, determine the power of suppliers for TWS and the nature of barriers to entry. Write the correct levels into the boxes below:

High

Medium

Low

Power of suppliers

Barriers to entry

2.3 Match the following economic tools and indicators with the relevant type of government policy.

- (i) Fiscal policy
- (ii) Monetary policy

Control of the money supply	
Interest rates	
Government spending	
Exchange rates	
Government borrowing	

2.4 Which of the following would you consider to be relevant to the social part of the LoNGPEST model?

Select ALL that apply.

- ☐ Effect of unemployment on demand
- ☐ Changes in safety legislation
- ☐ Changes in leisure pursuits
- ☐ Analysis of the population by age group
- ☐ Volatility of interest rates
- ☐ Religious affiliation and practices

2.5 Porter's analysis of the competitive advantage of nations identified basic and advanced factor conditions that contribute to the success of a nation in producing a particular good or service.

Which of the following are basic factors and which are advanced?

- (i) Advanced factor
- (ii) Basic factor

Higher education system	
Up to date telecommunications networks	
Access to diverse coastline and complex river systems	
Access to road and rail systems	

2.6 When analysing a company's opportunities and threats which of the following would you ignore?

- ☐ Changes in customer tastes
- ☐ Market share
- ☐ Competitor response to a successful marketing campaign
- ☐ View of the political party in power

2.7 A motor vehicle manufacturer monitors its international political environment and the directors have come to the conclusion that regulations relating to carbon dioxide emissions will be relaxed in the next twelve months or so. However, the company is to pursue a programme of lobbying international governments in order to maintain current regulations. The manufacturer considers its ability to meet the current standards as a source of competitive advantage.

Which of the following best describes the manufacturer's plans to lobby the governments?

- ☐ Protectionism
- ☐ Economic liberalisation
- ☐ Buffering
- ☐ Bridging

2.8 When determining a nation's comparative advantage, the consideration of the country's culture and management style relates to which part of Porter's Diamond?

- ☐ Factor conditions
- ☐ Related and supporting industries
- ☐ Firm strategy, structure and rivalry
- ☐ Demand conditions

2.9 Complete the following paragraph using the available words below:

- quotas
- tariffs
- taxes
- subsidies
- protectionist
- free trade
- buffering

The government in the country of Utopica has recently introduced import [] which limit the volume of overseas meat that can be brought into Utopica. They have also made [] available to domestic meat producers in order to increase the amount of meat produced within the country. This is an example of a [] policy.

2.10 In a LoNGPEST analysis, which of the following are recognised sections of the analysis?

Select all that apply.

- ☐ Long-term
- ☐ National
- ☐ Governmental
- ☐ Technological
- ☐ Global
- ☐ Natural
- ☐ Tax

2.11 In the context of Porter's Five Forces, which one of the following definitions best describes a substitute product or service?

- ☐ One that meets similar needs and is manufactured in the same way.
- ☐ One that meets different needs but is made or delivered in the same way.
- ☐ One that meets the same needs but is made or delivered in a different way.
- ☐ One that meets different needs at the same time.

2.12 Which of the following definitions best describes a government's macroeconomic policy of import-substitution?

- ☐ The government reduces import taxes and tariffs to make imports more attractive in the domestic market and removes the country's dependence on expensive imports.
- ☐ The government reduces import taxes and tariffs to make exports more attractive in the domestic market and thus removes the country's dependence on expensive imports.
- ☐ The government uses import taxes and tariffs to protect developing industries and reduce the country's dependence on foreign imports.
- ☐ The government uses import taxes and tariffs to fund the development of new substitute products and services in order to remove the country's dependence on foreign imports.

2.13 **GHI Corp has decided to engage in some corporate political activity but they don't know how to refer to these activities. Match the activity to the definition.**

Activity options:

- Buffering
- Bridging

Definitions

Reading newspapers and watching news bulletins, consulting with their legal team, and attending forums. All in order to ensure they are aware of any changes in political direction which may affect them and can respond to them.

Taking their local MP out to lunch and campaigning the Department for Business, Innovation & Skills in order to try to persuade the government not to implement a particular bit of legislation that will impact them negatively.

2.14 **Which of the following may be considered a substitute product for an airline providing business class flights?**

Select ALL that apply.

- ☐ Low-cost airline
- ☐ Video conferencing
- ☐ A different airline providing business class flights
- ☐ A different airline providing first class flights
- ☐ High-speed international train link

2.15 In Italy the leather footwear industry, the leather working machinery industry and the design services which underpin them benefit from one another.

To which part of Porter's Diamond does this relate to?

- ☐ Related and supporting industries
- ☐ Factor conditions
- ☐ Firm strategy, structure and rivalry
- ☐ Demand conditions

2.16 **Which of the following is not a benefit of globalisation?**

- ☐ Flexibility to move production to lower cost market
 - ☐ Elimination of business risk due to geographical diversification
 - ☐ Potential access to profitable markets
 - ☐ Economies of scale
-



2.17 Match the following impacts on a company's bargaining power in relation to its customers with the list of triggers.

Impact

- (i) No impact
- (ii) Increase bargaining power of the seller
- (iii) Decrease bargaining power of the seller

Trigger

Impact

The company's products are successfully differentiated through branding.

The company's customers are signed up to long-term contracts and must pay a penalty if they terminate the contract early.

The company's suppliers are signed up to long-term contracts and must pay a penalty if they terminate the contract early.

There has been a trend toward mergers between the company's customers.

2.18 Which of the following will definitely not lower barriers to entry into an industry?

Select ALL that apply.

- ☐ Technological changes
- ☐ New distribution channels
- ☐ Changes in the political environment
- ☐ Increase in patent protection
- ☐ Requirement for firms in the industry to invest in land and computers

3 Competitive environment

3.1 In comparison with quantitative research, qualitative research is associated with which THREE of the following?

- ☐ A focus on 'why' questions rather than 'what' 'where' and 'when'.
- ☐ The selection and discussion of only ratios that have a direct impact on the company.
- ☐ It is costly to undertake.
- ☐ An emphasis on gathering non-financial data such as the number of customers entering a store.
- ☐ The attempt to find out customer preferences for our products rather than for our competitor's products.

3.2 The role of competitor analysis includes which THREE of the following:

- ☐ It helps managers to understand their company's competitive advantages/disadvantages as compared with competitors.
- ☐ It helps copy-cat strategic behaviour.
- ☐ It aids understanding of competitors' past, present and future behaviour.
- ☐ It provides an informed basis to assist a company to develop its own competitive strategies.
- ☐ It provides a basis for entering another industry.

3.3 Kotler identifies four levels of competitors.

Write the correct labels against the descriptions to show the different levels of competitors.

- (a) Generic
- (b) Brand
- (c) Form
- (d) Industry

Firms whose products satisfy the same needs although they are technically quite different

Firms who compete for the same income, but offer different products

Firms who have similar products, the same customers and are of a similar size

Firms who produce similar products but who are different in size or structure or compete in a more limited area/product range

3.4 Company DIL makes domestic household security alarms for affluent homeowners. In order to grow its business it has decided to pursue two strategies.

Match the strategic direction from Ansoff's matrix to the two strategies below.

- (i) Price skimming
- (ii) Market development
- (iii) Price Penetration
- (iv) Strategic alliance
- (v) Market penetration
- (vi) Diversification
- (vii) Product development
- (viii) Takeover

Selling the same alarms, albeit with different casings, to smaller, less affluent households for a lower price.

Development of new, more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices.

3.5 State whether the following statements are true or false?

Cost leadership strategies involve striving to be the lowest price seller in the industry as a whole.

According to Porter a cost leadership strategy may be successfully pursued in conjunction with a focus strategy.

According to Porter a cost leadership strategy may be successfully pursued in conjunction with one of differentiation.

- 3.6 Various sales teams within LEO plc are monitored on the volume and value of their sales. Their relative performance is compared on a monthly basis with the intention of ascertaining best practice.

This is an example of which of the following exercises?

- ☐ Competitive benchmarking
- ☐ Internal benchmarking
- ☐ Reverse engineering
- ☐ Functional benchmarking
- ☐ Operational benchmarking

- 3.7 HSOP Ltd operates a history museum targeted at families with children. Its exhibits are fun and interactive and are often accompanied by performances from its staff. LORE Ltd operates a zoo in the same city as HSOP's museum. It is targeted at the entertainment of families but is seen as more educational than fun.

What level of competitor does this represent?

- ☐ Generic
- ☐ Form
- ☐ Industry
- ☐ Brand

- 3.8 **Complete the second paragraph using the available words:**

- form
- industry
- generic
- tiger
- selective

VTT operates in a limited geographical area. For many years there was no significant competition. Recently a new competitor, FID, has been established delivering the same service as VTT. FID is smaller than VTT but has discounted its prices significantly on a number of occasions in its first year. VTT cut its prices just as significantly each time and responded with a vibrant marketing campaign.

VTT and FID are level competitors and VTT shows itself to be a competitor in reaction to the competitive threat.

- 3.9 **In the context of the Boston Consulting Group matrix, what do cash cows and dogs have in common?**

- ☐ High relative market share
- ☐ High market growth
- ☐ Low relative market share
- ☐ Low market growth

- 3.10 **Which of the following are examples of formal collection of data from outside sources?**

Select ALL that apply.

- ☐ Market research to ascertain customers' buying attitudes
- ☐ Hiring a consultant in order to train employees on new health and safety legislation
- ☐ Analysis of the sales ledger to identify customers with a good payment history
- ☐ Observation of established work patterns by an IT specialist in order to design a new information system
- ☐ Television news report about a competitor's actions seen by the chief executive's husband

3.11 Which of the following are potential advantages of a focus strategy?

Select ALL that apply.

- ☐ Economies of scale are reduced.
- ☐ The needs of the segment may eventually become less distinct from the main market.
- ☐ Competitors can move into the segment with increased resources.
- ☐ Niche market segments can be more secure.
- ☐ The firm does not try to achieve too much with too little early in the business cycle.

3.12 Determine whether the following statements are true or false.

In the context of the Boston Consulting Group matrix, relative market share is assessed as a ratio. It is the market share of one company compared to the market share of the largest competitor providing that same product.

Exploitation of the learning curve in early stages of production of a new product may help in the pursuit of a cost leadership strategy.

Where one organisation sells home improvements and another sells package holidays these organisations may be described as form competitors.

3.13 Match the following competitor reactions to the explanations.

- (i) Laid back
- (ii) Selective
- (iii) Tiger
- (iv) Stochastic

The firm reacts strongly to certain types of competitive attacks.

The firm does not remain quiet and reacts strongly to any attack on its markets or products.

The firm does not exhibit any predictable reaction pattern.

3.14 Complete the following paragraph using the available words:

- Big data
- Benchmarking
- Uncorrelated
- Structured
- Trends
- Uncertainty

is a term used to describe the extraction of meaning from vast quantities of

data. Organisations are particularly interested in identifying and correlations in the data that they collect and store with the aim of putting this to commercial use.

3.15 In the context of the Boston Consulting Group matrix which of the following were not used as classifications?

Select ALL that apply.

- ☐ Lions
- ☐ Dogs
- ☐ Cash cows
- ☐ Question marks
- ☐ Stars
- ☐ Problem children
- ☐ Silos

3.16 Match the terms with their definitions.

- (i) Environmental scanning
- (ii) Qualitative research
- (iii) Strategic intelligence

The process of gathering external information which is available from a wide range of sources

What an organisation needs to know about its business environment to enable it to anticipate change and design appropriate strategies that will create business value for customers

Collection and analysis of non-numerical data

3.17 In order for a strength to have real benefit to a business it has to be linked to critical success factors.

What are critical success factors?

- ☐ Factors fundamental to strategic success
- ☐ Factors contributing to strategic success
- ☐ Factors necessary to match strengths to opportunities
- ☐ Factors necessary to build on strengths

4a Key concepts in management

4a.1 What is the key contribution of the human relations approach to management?

- ☐ Awareness of the importance of group dynamics and worker attitudes as an influence on productivity
- ☐ Concern for productivity and efficiency
- ☐ Awareness of the many different variables that influence and constrain a manager's behaviour
- ☐ Proof of a clear link between job satisfaction, worker motivation and business success

4a.2 Of Mintzberg's managerial roles, which is being exercised by a manager who gathers information from contacts within and outside the organisation?

- ☐ Leader
- ☐ Monitor
- ☐ Spokesperson
- ☐ Disseminator

4a.3 Which of the following are part of Peter Drucker's five categories of the work of managers?

Select ALL that apply.

- ☐ Managing a business
- ☐ The job of measurement
- ☐ Managing managers
- ☐ Motivating
- ☐ Developing people

4a.4 Handy's Shamrock would be appropriate as an organisational structure for which of the following organisations?

Select ALL that apply.

- ☐ A large accountancy practice
- ☐ An airline
- ☐ A small retail store
- ☐ A design agency
- ☐ A sports team
- ☐ A sole trader making bespoke furniture

4a.5 A process of Management By Objectives will be effective if it involves which of the following?

Select ALL that apply.

- ☐ Reviewed only once a year
- ☐ Targets set are measurable
- ☐ Resources are scarce
- ☐ Continual review of results
- ☐ Staff jointly set objectives with managers
- ☐ Goals are incongruent
- ☐ Goals are stated in behavioural terms

4a.6 Which of the following statements about Organic organisations are true?

Select ALL that apply.

- ☐ An organisation exists even before it is filled with people.
- ☐ Pay scales are prescribed according to the position or office held in the organisation structure.
- ☐ Procedures ensure that, regardless of who carries out tasks, they should be executed in the same way.
- ☐ There are differences of status, determined by people's greater expertise and experience.
- ☐ The degree of commitment employees have to the goals of the firm and the team is more extensive.
- ☐ Corporate culture is a powerful guide to behaviour.

4a.7 In her interview Mary has been told her role involves tasks that are specific to the firm and require firm-specific skills and experience. She will need to be functionally flexible in terms of multi-skilling and even re-skilling, though training will be provided for this.

This type of worker is referred to as:

- ☐ Core group
- ☐ Peripheral group
- ☐ Flexible labour
- ☐ Contractual fringe



4a.8 According to Handy's Shamrock organisation, write the employee group against its description below:

- (i) Employee group
- (ii) Contractual fringe
- (iii) Professional core
- (iv) Flexible labour

Permanently-employed people who represent the distinctive knowledge and competences of the firm. They are qualified professionals, technicians and managers. Their commitment is focused on their work and career within the organisation.

Temporary and part-time workers who can be brought in as and when needed, especially to meet peaks in the demand for services. They are crucial in maintaining standards of service, so it is important for the firm not to treat them 'casually'.

External providers who are able to undertake non-core activities or provide specialist services, more economically than the firm could manage internally.

4a.9 Companies and departments can follow different organisational forms. Write the organisational form against the department to which it applies.

- (i) Organic organisational form
- (ii) Mechanistic organisational form

The payroll department of a firm has well-defined tasks such as paying salaries at the end of the month. There is little variation. Controls are needed to ensure processing accuracy and to avoid fraud.

The 'creative department' of an advertising agency, employs a number of professional experts such as copywriters, graphic designers and account executives, who work on projects.

4a.10 Which of the following is an 'interpersonal' role of management, in Mintzberg's classification of managerial roles?

- ☐ Spokesperson
- ☐ Figurehead
- ☐ Negotiator
- ☐ Resource allocator

4a.11 Which major sub-system, according to Trist and Bamforth, is the more dominant at WPW Company before and after technology was introduced?

Match each of the roles against the description of WPW Company.

- (i) Social Systems
- (ii) Technical Systems

At WPW there were small, integrated work groups consisting of a skilled man, his mate and one or two labourers. There was a high degree of autonomy at the work group level. The group was paid for its work as a group.

WPW then introduced new technology creating a need for larger, more specialised groups. A single cycle of mechanised production might extend over three shifts, each performing a separate process and made up of 10 to 20 men. Physical dispersion also greatly increased.



4a.12 **Select one of Burns and Stalker's organisational forms for each of the descriptions below.**

- (i) Organic Organisations
- (ii) Mechanic Organisations

Flexible and adaptive organisational forms	
Stable and efficient organisational forms	
Suitable for slow-changing operating environments	
Suitable for dynamic operating environments	

4a.13 **Which of the following are advantages of bureaucracy?**

Select ALL that apply.

- ☐ Communication is only through established channels, which increases suggestions made.
- ☐ They are ideal for standardised, routine tasks.
- ☐ Some people are suited to the structured, predictable environment.
- ☐ It results in fast decision making.
- ☐ They can enhance creativity, initiative and openness to new ideas and ways of doing things.
- ☐ Rigid adherence to procedures may be necessary for fairness, adherence to the law, safety and security.

4a.14 Sherwood Company employs 6,000 staff. Results from a recent staff survey suggest high levels of dissatisfaction, despite Mr Sherwood himself being a thoroughly decent chap. It is evident that some of the causes are related to hygiene factors and some to motivational factors.

Which of the following causes of dissatisfaction in Sherwood Company represent hygiene factors?

Select ALL that apply.

- ☐ Unpleasant working conditions
- ☐ Limited opportunities for career advancement
- ☐ Below market rate salary
- ☐ High levels of supervision and tight control
- ☐ No recognition of high performance
- ☐ Routine and boring work



4b Key concepts in leadership

4b.1 There are inevitable tensions involved in asserting staff authority. Technostructure is a term used by Mintzberg to describe individuals in the organisation who strive for efficiency and standardise work processes.

Write each of the possible solutions against the problem below.

- (i) Technostructure experts should be involved in implementing their suggestions and share accountability for outcomes.
- (ii) Use functional authority (via policies and procedures). Experts should be seen as a resource, not a threat.
- (iii) Clear demarcations of line, staff and functional authority should be created.
- (iv) Technostructure planners should be fully aware of operational issues, and communicate regularly with the middle line.

The technostructure can undermine the line managers' authority, by empire building.

Lack of seniority. Middle line managers may be more senior in the hierarchy than technostructure advisers.

Expert managers may lack realism, going for technically perfect but commercially impractical solutions.

Technostructure experts lack responsibility for the success of their ideas.

4b.2 **Choose from the following words to complete the sentence.**

- responsibility
- power
- accountability
- authority

Delegation is the process whereby a manager assigns part of his to a subordinate but the manager's can never be delegated.

4b.3 McGonagall, the Finance Director, has worked for HSWW for over 20 years and during that period many of her colleagues have commented that she is the best manager they have had and want to imitate her.

Which of the following best indicates the power source this gives McGonagall?

- ☐ Coercive
- ☐ Referent
- ☐ Reward
- ☐ Expert

4b.4 Empowerment goes hand in hand with which of the following?

Select ALL that apply.

- ☐ Knowledge workers
- ☐ Centralisation
- ☐ Flexibility
- ☐ Increasing middle management
- ☐ Top down management
- ☐ Delegation
- ☐ Delaying

4b.5 Daisy is a senior manager at Wow.com. She uses vision, example and persuasion to convince the group to pursue a new purpose. Colleagues have described her as possessing foresight. She understands and empathises with group members' needs, and will empower group members, so as to make the group more effective. She also has good self-understanding.

Daisy would be described as which type of leader?

- ☐ Transactional
- ☐ Transformational
- ☐ Entrepreneurial
- ☐ Trait
- ☐ Contingency
- ☐ Theory X

4b.6 Rensis Likert (New Patterns of Management) described a range of four management styles or 'systems'.

Write the management style beside the management behaviour to which it applies:

- (i) Participative
- (ii) Exploitative authoritative
- (iii) Benevolent authoritative
- (iv) Consultative

The leader has only superficial trust in subordinates, motivates by reward and, though sometimes involving others in problem solving, is basically paternalistic.

The leader imposes decisions, never delegates, motives by threat, has little communication with subordinates and does not encourage teamwork.

The leader has confidence in subordinates, who are allowed to make decisions for themselves. Motivation is by reward for achieving goals set by participation, and there is a substantial amount of sharing of ideas, opinions and co-operation.

The leader listens to subordinates but controls decision making, motivates by a level of involvement, and will use the ideas and suggestions of subordinates constructively.

- 4b.7 D I WHY? hardware store recently placed an advertisement for new shop floor staff. Having selected a number of candidates to attend an interview, Joe-Boy, the HR Manager, advises Jessie-May, the Departmental Manager, of company policy regarding approved interviewing methods. The final decision on which candidate to recruit remains with the respective department manager.

What kind of authority does Joe-Boy have?

- ☐ Line authority
- ☐ Staff authority
- ☐ Functional authority
- ☐ Departmental authority

- 4b.8 **Write the appropriate words beside the description to which it applies:**

Descriptions:

- (i) Accountability
- (ii) Authority
- (iii) Delegation
- (iv) Empowerment power
- (v) Influence
- (vi) Responsibility

The process by which one person modifies the behaviour or attitude of another.

The term for making workers (and particularly work teams) responsible for achieving, and even setting, work targets, with the freedom to make decisions about how they are to be achieved.

The right to do something, or to ask someone else to do it and expect it to be done.

- 4b.9 Stevie Jobbs (Head of HR at Stor-less supermarkets) has observed that different managers across the company's operations adopt very different attitudes to attending corporate meetings. She has recently noted a number of comments made by different managers regarding such meetings.

Write the managerial style beside the manager's comment to which it applies:

- (i) 1.1 Impoverished
- (ii) 1.9 Country Club
- (iii) 9.1 Task Orientated
- (iv) 5.5 Middle of the road
- (v) 9.9 Team

I attend because it is expected. I either go along with the majority position or avoid expressing my views.

I try to come up with good ideas, and push for a decision as soon as I can get a majority behind me. I don't mind stepping on people if it helps making a sound decision.

I like to be able to support what my boss wants and to recognise the merits of individual effort. When conflict rises, I do a good job of restoring harmony.

4b.10 Debbie is very busy perfecting her recipe for Potato Tart Tatin ahead of the launch of her new cookery book, but she also has to copy edit the rest of the recipes. She has a competent assistant, so her agent Doug told her she should delegate.

Which of the following are benefits of delegation?

Select ALL that apply.

- ☐ There are physical and mental limitations to the workload of any individual or group in authority.
- ☐ Managers are freed up to concentrate on higher-level tasks (such as recipe development).
- ☐ The increasing size and complexity of some organisations requires specialisation from both a managerial and technical perspective.
- ☐ Delegating authority contributes to the job satisfaction and development of the managers who delegate.
- ☐ Delegation shortens the chain of decision making, and brings decisions closer to the situations that require them.
- ☐ Delegation reduces the need for management to control the performance of employees as they perform more tasks themselves.

4b.11 There are three basic 'schools' of leadership theory.

Match the school of leadership against the description to which it applies.

- (i) Trait theories
- (ii) Style theories
- (iii) Contingency theories

Based on analysing the personality characteristics or preferences of successful leaders.

Based on the view that leadership is an interpersonal process whereby different leader behaviours influence people in different ways. More or less effective patterns of behaviour (or 'styles') can therefore be adopted.

Based on the belief that there is no 'one best way' of leading, but that effective leaders adapt their behaviour to specific and changing variables in the leadership context: the nature of the task, the personalities of team members, the organisation culture and so on.

4b.12 Match the activity in the process of delegation next to the step to which it applies:

- (i) Allocate resources and authority to the subordinate to enable them to carry out the delegated tasks at the expected level of performance.
- (ii) Formally assign tasks to the subordinate, who should formally agree to do them.
- (iii) Maintain contact, to review progress made, make constructive criticism and be available to give help and advice if requested.
- (iv) Specify performance in terms of the goals and standards expected of the subordinate, keeping in mind their level of expertise.
- (v) Back off and allow the subordinate to perform the delegated tasks.

Step 1

Step 2

Step 3

Step 4

Step 5

4b.13 Max Weber proposed three ways in which managers exercised what he called legitimate power (or authority).

Match each of the types of power against the relevant description.

- (i) Rational-legal authority
- (ii) Traditional authority
- (iii) Charismatic authority

Authority arising from the personality of the leader and their ability to inspire devotion through, for example, sanctity, heroism or example.

Authority resting on established belief in the importance of immemorial tradition and the status it confers.

Authority arising from the working of accepted normative rules, such as are found in organisations and democratic governments.

4b.14 In practice, matters are rarely clear cut, and in many organisations responsibility and authority are ambiguous and shifting. This can result in mismatches of Authority and Responsibility.

Write each of the mismatches against the problem they cause below:

- (i) Authority without responsibility
- (ii) Responsibility without authority

This can lead to arbitrary and irresponsible behaviour, as the person has the right to make decisions without being held accountable for them.

This places a subordinate in an impossible and stressful position, as they are held accountable for results over which they have no control.

5 Culture

5.1 In Denison's analysis, there are four possible cultures.

Match the culture beside the organisation to which it applies.

- (i) Consistency culture
- (ii) Mission culture
- (iii) Adaptability culture
- (iv) Involvement culture

A large bread company exists in a stable environment, and its structure is well integrated. Management are preoccupied with efficiency with formal ways of behaviour.

Hospitals are preoccupied with the sick, inevitably their values are patient orientated and staff's work has meaning and value.

5.2 According to Schein, organisation culture exists at three different levels. Which of the following are included in the level 'artefacts and creations'?

Select ALL that apply.

- ☐ Beliefs of environmental issues
- ☐ Language
- ☐ Dress codes
- ☐ How people should be treated
- ☐ Office layout
- ☐ How people justify what they do
- ☐ Logos and branding

5.3 Ouchi described the Theory J organisation (Japanese) as being characterised by which of the following?

Select ALL that apply.

- ☐ Long-term employment, with slow progressing managerial career paths.
- ☐ Concern for employee focuses on work performance.
- ☐ Explicit controls, formal measures.
- ☐ Collective consensus decision-making processes.
- ☐ Industrial relations characterised by trust, co-operation and mutual adjustment.

5.4 Which of Deal and Kennedy's corporate cultures applies best to Foutts, an exclusive bank accepting only the most affluent clients?

- ☐ Process culture
- ☐ Bet your company culture
- ☐ Hard macho culture
- ☐ Work hard play hard culture

- 5.5 You are considering ways to make your business more successful and you have decided you want to reposition your organisation by offering unique levels of customer service in your industry. This change refers to the 'strategy' element of McKinsey's 7 S Model.

From the list below identify the most appropriate element of the McKinsey 7 S Model and write this beside the action to which it relates.

- (i) Strategy
- (ii) Structure
- (iii) Staff
- (iv) Skills
- (v) Systems
- (vi) Style
- (vii) Shared values

You might have to set up team-working in customer-facing units to increase responsiveness.

You may need to train people in customer service skills.

They will also need new procedures and IT systems for better access to customer data.

Managers will have to adjust to empowering staff, and new corporate image will be developed.

-
- 5.6 Research has indicated that workers in country A display characteristics such as toughness and the desire for material wealth and possessions, while workers in country B value personal relationships, belonging and the quality of life.

According to Hofstede's theory, these distinctions relate to which of the following cultural dimensions?

- ☐ Power – distance
- ☐ Individualism – collectivism
- ☐ Masculinity – femininity
- ☐ Uncertainty avoidance

-
- 5.7 Which of Deal and Kennedy's corporate cultures is Bow-wing, an aircraft manufacturer, likely to have?

- ☐ Process culture
- ☐ Bet your company culture
- ☐ Hard macho culture
- ☐ Work hard play hard culture

-
- 5.8 Which of Deal and Kennedy's corporate cultures would you be likely to find at Hewlett-Packard, a computer manufacturer?

- ☐ Process culture
 - ☐ Bet your company culture
 - ☐ Hard macho culture
 - ☐ Work hard play hard culture
-

5.9 Write the elements of the cultural web beside the description to which it applies.

- (i) Power structures
- (ii) Stories
- (iii) The paradigm
- (iv) Control systems
- (v) Symbols
- (vi) Organisational structures
- (vii) Rituals and routines

The guiding set of beliefs, values and assumptions that shape how the organisation sees itself and its purpose.

The 'mythology' of the organisation: tales of successes and failures, how things got to be the way they are.

Symbolic behaviours such as business formulation and ceremonies, as well as formal procedures and customs.

Ways in which control is exercised via standards, monitoring and supervision.

5.10 Harrison classified four types of culture.

Write the type of culture beside the description to which it applies.

- (i) Person
- (ii) Task
- (iii) Role
- (iv) Power

Culture is shaped by one individual.

Culture is a bureaucratic culture shaped by rationality, rules and procedures.

Culture is shaped by a focus on outputs and results.

Culture is shaped by the interests of individuals.

5.11 Which type of culture, according to Harrison's cultural models, would best fit with a matrix structure?

- ☐ Person
- ☐ Role
- ☐ Power
- ☐ Task

- 5.12 You have just read Charles Handy's Gods of Management and you want to see whether you have understood what Handy was getting at.

Match the god to the organisational description.

- (i) Athena
- (ii) Zeus
- (iii) Dionysus
- (iv) Apollo

The purpose of the organisation is to serve the interests of the individuals who make it up. Management is directed at facilitating and administering.

The organisation is controlled by a key central figure, owner or founder. Power is direct, personal and informal. Suits small organisations where people get on well.

Management is directed at outputs, problems solved and projects completed. Team-based, horizontally-structured, flexible and valuing expertise – to get the job done.

Classical, rational organisation with bureaucracy. Stable, slow-changing, formalised and impersonal. Authority based on position and function.

-
- 5.13 **Match Charles Handy's Gods of Management beside the cultural organisational classification to which it applies.**

- (i) Zeus
- (ii) Apollo
- (iii) Athena
- (iv) Dionysus

Task culture

Person culture

Role culture

Power culture

-
- 5.14 **The cultural dimension that describes a cultural value where community is not a high priority is referred to by Hofstede as:**

- ☐ Individualism
- ☐ Collectivism
- ☐ Power distance
- ☐ Masculinity

-
- 5.15 **Ouchi described the Theory A organisation (American) as being characterised by which of the following? Select ALL that apply.**

- ☐ Short-term employment with focus on specialisation of skills.
 - ☐ Broad concern for employee welfare, both inside and outside the work context, i.e. commitment to the 'organisation family'.
 - ☐ Implicit informal controls, such as guiding values.
 - ☐ Individuals ultimately responsible for defined areas of accountability.
 - ☐ Industrial relations characterised by trust, co-operation and mutual adjustment.
-

5.16 Deal and Kennedy consider cultures to be a function of which TWO of the following factors?

- ☐ Strategic orientation
- ☐ Willingness to take risk
- ☐ Environmental responses
- ☐ Management style
- ☐ Organisational structure
- ☐ Speed of feedback
- ☐ Company size

5.17 Match Denison's cultural type, beside the characteristics which apply.

- (i) Involvement culture
- (ii) Adaptability culture
- (iii) Mission culture
- (iv) Consistency culture

This exists in a stable environment, and its structure is well integrated. Management are preoccupied with efficiency. Such cultures are characterised by formal ways of behaviour. Predictability and reliability are valued.

The environment is relatively stable, and the organisation is orientated towards it, eg 'the customers'. Members' work activities are given meaning and value.

The basic premise is that the satisfaction of employees' needs is necessary for them to provide optimum performance. They take a 'human relations' approach to management.

The company's strategic focus is on the external environment, which is in a state of change. Corporate values encourage inquisitiveness and interest in the external environment.

5.18 The concept of supranational culture refers to which of the following?

- ☐ The superiority of one national culture
- ☐ The copying of national cultural characteristics
- ☐ The culture that extends across national boundaries
- ☐ The break-up of national cultures

6 Conflict, negotiation and communication

6.1 Which of the following statements about staff appraisals are true?

Select ALL that apply.

- ☐ They increase management control.
- ☐ They can provide a fair basis for remuneration.
- ☐ They enable succession planning.
- ☐ They are an entirely objective process for assessing staff performance.
- ☐ They are part of the disciplinary process.



6.2 Identify the benefits of health and safety controls from the following alternatives:

Select ALL that apply.

- ☐ Employees breaking health and safety rules receive appropriate punishment.
 - ☐ The company image is protected from a poor health and safety record.
 - ☐ The morale of employees and others is improved.
 - ☐ The legal obligations for health and safety are met.
 - ☐ Health and safety controls save managers the job of monitoring potential safety hazards.
-

6.3 Which THREE of the following represent barriers to communication?

- ☐ The choice of words provokes an emotional response
 - ☐ Ensuring all elements of the communication "fit"
 - ☐ The filtering out of elements that he or she does not want to deal with
 - ☐ Limiting the encoding/decoding capabilities of the sender/receiver
 - ☐ Physically nodding confirmation
-

6.4 Which THREE of the following will influence the medium of communication that should be used in any given situation?

- ☐ Permanency
 - ☐ Necessity
 - ☐ Complexity
 - ☐ Severity
 - ☐ Urgency
-

6.5 J is preparing for a meeting with her line manager at which she hopes to negotiate a pay rise. She is gathering information to support her case and assist her negotiations.

Which of the following types of information would be suitable for inclusion in her case?

Select ALL that apply.

- ☐ Published statistics relating to market pay rates
 - ☐ Examples of work she has performed to a high standard
 - ☐ Details of a client which represents significant financial benefit to J's company that was obtained as a result of J's work
 - ☐ Spreadsheet showing J's salary in comparison with others in her department; the spreadsheet was prepared for J by her friend who works in management accounts
 - ☐ A document which appears to prove the existence of a relationship between J's married manager and another colleague of J's company
-

6.6 There are many reasons why a message may not be communicated effectively.

For each of the situations below, identify the likely barrier which may prevent effective communication from occurring:

- (i) Noise
- (ii) Overload
- (iii) Cultural Values
- (iv) Jargon
- (v) Priorities
- (vi) Selective reporting
- (vii) Timing
- (viii) Distortion

A phone conversation with a client is interrupted as a result of interference on the line.

Information relating to an organisational restructure is provided on a strictly 'need to know' basis.

The new CEO determines that email will now be used as the primary method of communication to ensure documentary evidence is in place should it be needed. This rule is to be applied to all messages from daily updates, to social events, to key operational messages.

6.7 Match the most appropriate method of communication for each of the following situations:

- (i) Email
- (ii) Brainstorming session
- (iii) One-to-one meeting
- (iv) Team meeting
- (v) Large scale meeting

A general update on the achievements of the company needs to be communicated to all staff.

A product is going to be re-launched and ideas for the marketing campaign need to be generated.

The payroll manager has become aware of a time-keeping problem with one of the payroll clerks.

The organisation is planning a major restructure and the initial plans need to be announced.

The sales team require an update on their achievements against targets for the last quarter.

6.8 Are the following statements true or false?

Distributive bargaining is an approach to negotiation concerned with joint problem solving.

Conflict resolution aims to reduce resentment and preserve relationships by allowing both parties to obtain all of their desired outcomes.

Negotiation is a process whereby two parties come together to confer, with a view to concluding a jointly acceptable agreement.

6.9 K has made the following decisions in preparing for a negotiation meeting with a potential client.

Match the decisions she has made to the relevant key elements of preparing for negotiations.

- (i) Personalities
- (ii) Purpose
- (iii) Pace
- (iv) Plan

After numerous discussions with the potential client, K is intending to secure a deal with the client at this meeting.

The potential client has a reputation for being a fierce negotiator and driving hard bargains.

As numerous discussions have already been held, few introductions will be required.

A break-out room will be required for discussions between K and her team at various intervals.

6.10 Which of the following are characteristics of successful negotiators as identified by John Hunt?

Select ALL that apply.

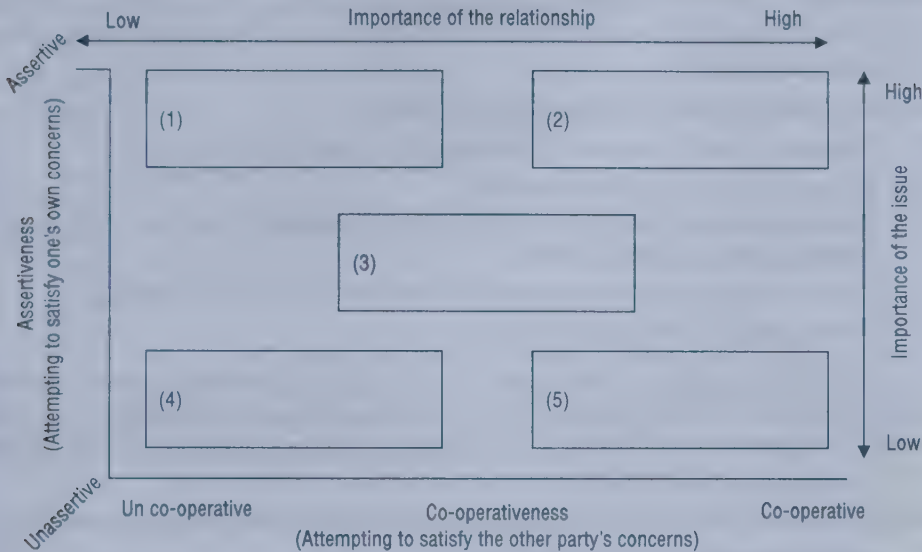
- ☐ They directly confront the opposition.
- ☐ They consider a wide range of options.
- ☐ They respond immediately with counter proposals.
- ☐ They use emollient verbal techniques: 'would it be helpful if we...?'
- ☐ They summarise on behalf of all involved.
- ☐ They advance single arguments insistently and avoid long-winded, multiple-reason arguments.

6.11 Which TWO of the below are the main elements involved in negotiation?

- ☐ Purposeful persuasion
 - ☐ Constructive compromise
 - ☐ Conflict resolution
 - ☐ Problem solving
 - ☐ Distributive bargaining
 - ☐ Integrative bargaining
-

6.12 There are five strategies for resolving conflict.

Write the correct labels into the boxes in the diagram using the list of words below.



- (i) Forcing/competing
- (ii) Collaborating
- (iii) Compromising
- (iv) Avoiding
- (v) Accomodating

6.13 Aiming to find a 'win-win' solution is an example of which of the following?

- ☐ Distributive bargaining
- ☐ Integrative bargaining
- ☐ Purposeful persuasion
- ☐ Conflict resolution

6.14 The trade union representing the workers of NickNack Company is threatening to take industrial action as a result of the decision made by the senior management to make changes to working practices without consultation.

What type of conflict does this represent?

- ☐ Horizontal
- ☐ Diagonal
- ☐ Intergroup
- ☐ Vertical

6.15 The business case for encouraging diversity in the organisation's workforce is based on the recognition that, in order to compete successfully in the global economy, discrimination in any form could mean missing out on the recruitment of the most able talent.

Successful management of diversity therefore requires that an organisation takes specific measures to enable the optimum use of its staff.

Select the **THREE** most important measures from the following:

- ☐ The setting of criteria for the selection and career advancement of all staff
- ☐ Supporting legislation against discrimination
- ☐ Encouraging flexibility in the treatment of all employees irrespective of their race, gender, age, sexual orientation, religion or political affiliation
- ☐ Claiming the organisation is an equal opportunity employer in its mission statement
- ☐ Training managers in fair appraisal methods

6.16 Fred feels that his manager Abi is picking on him for trivial things like an untidy desk and omitting to close a file drawer. Abi feels that Fred's presentation of accounts is not up to the standard expected of a qualified management accountant and has told him so. The situation in the office has deteriorated with Abi threatening disciplinary action and Fred threatening to invoke the company's grievance procedure.

Which **THREE** of the following would represent appropriate action by Fred and Abi respectively?

- ☐ Abi immediately threatening Fred with suspension
- ☐ Fred discussing his grievance with a staff representative
- ☐ Abi retracting her threat of suspension
- ☐ Fred threatening to report Abi to the professional body for unprofessional conduct
- ☐ Abi reporting the situation to her superior

6.17 Which **THREE** of the following distinguish skilled negotiators from less skilled?

- ☐ They spend more time asking questions.
- ☐ They make more frequent use of counter-proposals.
- ☐ They make many more justification claims to back up their case.
- ☐ They spend more time checking that they understand what the other party is saying.
- ☐ They spend more time summarising what has been said.

6.18 A new head of department is into her first negotiating role with the trade union. She has been offered a great deal of advice from colleagues, including the claim that each one of the following conflict handling strategies is the most likely to yield success.

Write the appropriate conflict handling strategy against each outcome.

- (i) Accommodation
- (ii) Avoidance
- (iii) Compromise
- (iv) Competition
- (v) Collaboration

Outcomes

Conflict handling strategies

Additional conflict will occur with damage to the organisation and to one or both parties

A win, win situation

Suppression of interests will result in one party losing out and difficulties may still remain

Lack of effort to deal with causes of the conflict will mean that conflict is likely to recur

Both parties lose out and there may be a better solution if an alternative approach was taken

7 Control and the finance function

7.1 Select the correct words to complete the definition of market control:

- price mechanism
- controls
- tight
- performance measures
- competitor information
- loose
- specific
- budgets
- forecasts
- strong

Market control is the use of the [] and related [], internally and externally to control organisational behaviours. It is appropriate for use in [] organisational forms such as consortia and alliances.

7.2 Select the correct words to complete the sentences below.

- actively
- technically
- financially
- operations
- strategies
- commercial
- planning
- partners
- specific
- consultants
- gurus
- profitable

The finance function has faced pressures to become more [] involved in business []. Many finance functions have therefore re-focused their roles as business [], adopting a more [], action-orientated approach.

7.3 The independent business partner model suggests which of the following?

Select ALL that apply.

- ☐ The finance function should add value to the organisation.
- ☐ The finance function should create value for the organisation.
- ☐ The finance function should assist in the creation of strategy, ideas and opportunities.
- ☐ Actual performance should be rigorously reviewed by the finance function.
- ☐ The finance function should challenge any results that are better than expected.

7.4 NT is a company that makes bespoke and unique hand-built furniture.

NT's reputation for outstanding pieces of furniture and high levels of customer service has strengthened over the years and demand has increased significantly. In order to continue to grow, the company is considering outsourcing some of its processes in order to generate funds to re-invest in the company in order for it to meet the higher levels of demand. NT has suggested that the following processes for potential outsourcing.

For each process advise NT as to whether the process could be outsourced, or whether it would be preferable for it to remain in-house.

- (i) Outsource
- (ii) In-house

The payroll process	
Delivery of the finished products to the customer	
Customer consultation and bespoke design of furniture	
Build and manufacture of the furniture	
IT support services	

7.5 **In the context of social responsibility, what are externalities?**

- ☐ External costs faced by the organisation in response to social responsibility, such as compensation payments
- ☐ The perception of the organisation by external stakeholders
- ☐ The costs imposed by businesses on other people, not included in the cost of their products and activities
- ☐ Areas of social responsibility linked to the company, but outside its direct control, such as the business practices of a supplier

7.6 **Performance targets related to pricing would be best considered under which perspective of the balanced scorecard?**

- ☐ Customer
- ☐ Internal business
- ☐ Innovation and learning
- ☐ Financial

7.7 The CIMA *Code of Ethics* contains five fundamental principles.

Match each principle to its description.

- (i) Confidentiality
- (ii) Integrity
- (iii) Professional behaviour
- (iv) Professional competence and due care
- (v) Objectivity



A professional accountant should be straightforward and honest in all professional and business relationships.

A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.

A professional accountant has a continuing duty to maintain professional knowledge and skill and should act diligently and in accordance with applicable technical and professional standards when providing professional services.

A professional accountant should not disclose any information acquired as a result of professional and business relationships without proper and specific authority unless there is a legal or professional right or duty to disclose.

A professional accountant should comply with relevant laws and regulations, and should avoid any action that discredits the profession.

- 7.8 D is a CIMA student working towards full CIMA membership. He works in the accounts department of B company. D's manager, F, has asked D to process an expense claim for dinner and hotel expenses from the previous night. As D has access to F's calendar, he knows that F had a personal, not work related, engagement that night.

Which threat is D facing?

- ☐ Advocacy threat
- ☐ Familiarity threat
- ☐ Intimidation threat
- ☐ Self-interest threat

- 7.9 **Select the correct words to complete the sentences below:**

- | | |
|-----------------|-------------------------|
| • non-executive | • review |
| • executive | • prepare |
| • management | • auditors |
| • organisation | • qualified accountants |
| • independent | • several |
| • employees | • carry out |
| • numerous | • over-see |
| • directors | |

Companies should have an audit committee consisting of directors, the majority of whom should be . The audit committee should the audit, and the independence and objectivity of the .

- 7.10 **Which of the following is not a role of a mentor?**

- ☐ Guidance in tackling projects
- ☐ Day-to-day management of protégées
- ☐ Acting as a role model
- ☐ Advice in drawing up personal development plans



7.11 T has been newly appointed in the management accounts function at Q company.
T's first job is to meet with staff from various departments to discuss budgets and prepare revised forecasts.
T is unsure about the structure of the organisation and the responsibilities of the various staff within the departments.
T is therefore unsure where to start or who he should be speaking to.

Who would be best placed to advise T in relation to these concerns?

- ☐ T's line manager
- ☐ The Finance Director
- ☐ T's mentor
- ☐ T's junior assistant

7.12 **The following responsibilities are imposed on employers as a result of the Management of Health and Safety at Work Regulations 1992.**

True or false?

- | | |
|--|----------------------|
| To carry out risk assessments, generally in writing, of all work hazards at least once | <input type="text"/> |
| To introduce controls to prevent risks | <input type="text"/> |
| To identify employees who are especially at risk | <input type="text"/> |
| To provide information to employees about health and safety | <input type="text"/> |

7.13 **Which of the following statements is correct?**

- ☐ The primary purpose of a balanced scorecard is to create a corporate strategy.
- ☐ Balanced scorecards always report using the same time periods as the financial accounting system.
- ☐ Organisations should use a 'traffic light' system on their balanced scorecard to help them prioritise their activities.
- ☐ The primary purpose of a balanced scorecard is to increase the number of performance indicators used to manage the business.

7.14 Organisations have a number of different options in how they position the finance function and each has its own drawbacks.

Match each of the finance structures against the description of the drawbacks below:

- (i) Finance function embedded in business area
- (ii) Shared Service Centre
- (iii) Business Process Outsourcing

- | | |
|--|----------------------|
| No sharing of knowledge and best practice | <input type="text"/> |
| Lack the required local knowledge | <input type="text"/> |
| Higher risk of loss of control and quality | <input type="text"/> |

7.15 Management control takes place at a variety of levels including the strategic, tactical and operational levels. J Company is currently reviewing its control systems and you are required to advise the project team on the appropriate level at which each of the following aspects of control should be set.

Match each of the control aspects listed below to the appropriate level in the control hierarchy.

- (i) Setting and reviewing the organisational structure
- (ii) Computerisation of inventory control
- (iii) Setting of the production budget

Level in control hierarchy	Aspects of control
Strategic	
Tactical	
Operational	

7.16 You have been asked to advise on the most appropriate form of control in the various departments of manufacturing Company A.

The manufacturing department involves the assembly and packing of toy cars. Employees are paid a basic salary plus a bonus based on the number of cars produced minus an amount for any rejects.

Employees in the wages department attend to all payroll related tasks and provide management with the necessary information for control of operations.

The finance department is staffed by professional accountants.

Indicate which of the four forms of management control is appropriate for which department by writing the appropriate form of control into the correct departmental box.

- (i) Bureaucratic
- (ii) Personal
- (iii) Output
- (iv) Clan

Departments	Manufacturing	Wages	Finance
Management Control Type			

7.17 The arguments for and against social responsibility are complex.

The traditional approach to social responsibility can best be summed up by which of the following?

- ☐ Organisations exist for the benefits of shareholders.
- ☐ Organisations are political systems.
- ☐ Organisations exist for the benefit of all stakeholders.
- ☐ Organisations are social arrangements.

8 Change management

8.1 If the nature of the change is incremental and the scope of the change is realignment, what type of change is occurring?

- ☐ Evolution
- ☐ Adaptation
- ☐ Reconstruction
- ☐ Revolution

8.2 Kotter and Schlesinger's contingency approach to change identified a number of change management strategies along with the contexts within which they could be most successfully applied.

Match each change strategy with its favourable context using the words below.

Favourable contexts where

Change strategies

There is a lack of information/analysis

Initiators lack information to change & others have power to resist

People resist because of adjustment problems

Someone or some group will lose out and where that group has power to resist

Other facilities fail or are too expensive

Speed is essential & initiators have high power

- (a) Explicit and implicit coercion
- (b) Manipulation and co-option
- (c) Participation and Involvement
- (d) Facilitation and support
- (e) Negotiation and agreement
- (f) Education and communication

8.3 Which of the following **THREE** items engender resistance to change?

- ☐ Downward adjustment to symbols of status such as a company car
- ☐ Opportunities for participation
- ☐ Questioning of an individual's frame of reference
- ☐ Raising concerns for security
- ☐ Directive management style used in a hierarchical power structure

8.4 Select **THREE** items from the following list which represent internal triggers for change in a company.

- ☐ Ageing of the company's infrastructure
- ☐ Sudden drop in the company's market share
- ☐ A new Chief Executive Officer begins work
- ☐ Industrial action by the workforce
- ☐ Shift in exchange rates in which company goods are traded

8.5 Which of the statements below are forces for change and which are forces against change?

Select the correct option for each of the phrases below.

- (i) Force for change
- (ii) Force against

Commitment of employees to the change

Bureaucracy

Clear articulation of a vision for the future

Traditional ways of working

Command and control management style

Encouragement and support from the top



- 8.6 Association with respected and influential stakeholders can enhance the personal status and thus the power base of the change agent. Similarly, association with a high status change agent can assist more junior managers to overcome resistance to change.

Which of the political mechanisms used to exert influence by change managers is being described here?

- ☐ Political mechanisms
- ☐ Manipulation of resources
- ☐ Elites relationships
- ☐ Exploitation of subsystems
- ☐ Symbolic activity

- 8.7 The decision to introduce a home delivery service may be part of a long-term plan to close down all of the BAMB stores over a number of years with a view of becoming an online retailer only. Such a change would lead to a change in the organisation's culture and business model.

Which type of change is BAMB experiencing?

- ☐ Adaptation
- ☐ Reconstruction
- ☐ Evolution
- ☐ Revolution

- 8.8 Wholesome supermarkets recently introduced a home delivery service to customers in the London area. The company is attempting to move with the times as competing supermarkets already offer this service. There are no plans to close any of its supermarkets.

Which type of change is Wholesome experiencing?

- ☐ Adaptation
- ☐ Reconstruction
- ☐ Evolution
- ☐ Revolution

- 8.9 Change initiatives can be used for unintended purposes; for example, improved technology provided to improve performance may be used simply to cut staffing levels, defeating the overall objective.

Which unintended outcome of a change programme is being described here?

- ☐ Ritualisation of change
- ☐ Hijacked process of change
- ☐ Erosion
- ☐ Reinvention

- 8.10 Staff are likely to become confused and demotivated if practical adjustments, eg to systems, do not fit well with the overall intent of the change programme.

Which unintended outcome of a change programme is being described here?

- ☐ Ivory tower change
- ☐ Lack of attention to symbols
- ☐ Behavioural compliance
- ☐ Uncontrolled efforts

8.11 Match the type of change to the description to which it applies.

- (i) Adaptation
- (ii) Reconstruction
- (iii) Evolution
- (iv) Revolution

A change which is a rapid and wide-ranging response to extreme pressures for change. A long period of strategic drift may lead to a crisis that can only be dealt with in this way. It will be very obvious and is likely to affect most aspects of both what the organisation does and how it does them.

A change undertaken within an existing paradigm, but requiring rapid and extensive action. It is a common response to a long-term decline in performance.

The most common type of change. It does not require the development of a new paradigm and proceeds step by step.

A change which is an incremental process that leads to a new paradigm. It may arise from careful analysis and planning or may be the result of learning processes. Its transformational nature may not be obvious while it is taking place.

8.12 Which of the following are aspects of the context of change as proposed by Balogun and Hope Hailey?

Select ALL that apply.

- ☐ Scope of change
- ☐ Preservation required
- ☐ Facilitation provided
- ☐ Diversity of experience
- ☐ Capacity to undertake
- ☐ Driving forces
- ☐ Readiness of workforce
- ☐ Power to effect
- ☐ Participation allowed

8.13 Write Lewin's stage of the change process beside the activities to which it applies.

- (i) Unfreeze
- (ii) Change
- (iii) Refreeze

Identifying those forces resisting change.

Staff participation to help create the necessary 'buy in' to the new status quo.

Gradually making the move towards its desired end state.

A significant amount of management time will be spent reinforcing the adoption by staff of the new processes.

Strengthening the position of those forces driving the need for change.

The new state being embedded.

8.14 CT Company is embarking on a programme of change which it intends to be evolutionary.

Write the words or phrases to show the nature of change and the scope of change for CT Company.

- (i) Transformation
- (ii) Big bang
- (iii) Realignment
- (iv) Incremental

The nature of change will be:

The scope of change will be:

8.15 In the context of change management, which of the following best describes the role of an organisations strategic leadership?

- ☐ To challenge things that are taken for granted
- ☐ To implement the change
- ☐ Translation of the overall change strategy into forms suited to specific local contexts
- ☐ To get others to follow the change willingly
- ☐ To bring a fresh point of view and break down the constraints of the existing paradigm

8.16 In the context of change which of the following describes a paradigm?

- ☐ Entrenched assumptions and habits of mind.
- ☐ Habitual behaviours that members of the organisation display both internally and externally.
- ☐ Visible things which can be used as levers of change.

8.17 Which of the following maybe a reason for resistance to a change programme?

Select ALL that apply.

- ☐ High levels of uncertainty
- ☐ Increase in workload
- ☐ Sense of embarrassment
- ☐ Rapid change
- ☐ Loss of autonomy
- ☐ Lack skills and competence

8.18 When a business is in terminal decline and faces closure or takeover, there is a need for rapid and extensive change in order to achieve cost reduction and revenue generation. This is a turnaround strategy. Johnson, Scholes & Whittington identify seven elements of such a strategy.

Which THREE of the following are elements of the turnaround strategy?

- ☐ Consistent financial structure
- ☐ Attention to target markets
- ☐ Maintaining the same management team
- ☐ Communication with stakeholders
- ☐ Crisis stabilisation

9 Introduction to project management

- 9.1

Libby is the project manager for an IT project which has the objective of improving the functionality of the company's website. This will involve designing a system which enhances the customer experience of navigating the website and simplifies the process for placing orders for the company's products - which are stationery items (paper clips, rulers etc) shaped like animals. The launch of the new website is time critical; customers need their tortoise-shaped drawing pins.

The project must be completed in three months' time but is experiencing significant slippage and is behind schedule. Which of the following things should Libby do to get back on track?

☐

Maintain quality and reduce resources

☐

Increase resources and increase quality

☐

Reduce resources and increase quality

☐

Increase resources and maintain quality
- 9.2

According to PRINCE2 methodology, which process ensures that all planned deliverables are completed as required?

☐

Initiation

☐

Managing product delivery

☐

Managing stage boundaries

☐

Project assurance
- 9.3

Calculate the float time for a project activity if the earliest start time is day 5, the latest finish time is day 22, and the total time needed for the work is 14 days.

Give your answer to the nearest whole day.

day/s
- 9.4

Bethan, a project manager, has identified a number of risks associated with her new project to open up a Cat Hotel. One of the risks has a high likelihood of happening, but will have a low impact on the project.

Which risk management strategy should be used here?

☐

Transfer

☐

Avoid

☐

Reduce

☐

Accept
- 9.5

Select the stage in the project lifecycle that matches the activity.

(i)

Initiation

(ii)

Planning

(iii)

Execution

(iv)

Project closure

Project feasibility

Testing

Identifying project risk

Audit of deliverables

Setting milestones and control gates

Specifying project scope

Cost breakdown structure

Exception reporting
- 46
- Questions
- BPP
LEARNING MEDIA
-

9.6 Calculate the overall expected duration of the project:

Activity	Preceding activity	Activity duration in weeks
A	—	8
B	—	10
C	—	6
D	A	8
E	B, C	9
F	C	14
G	D, E	14
H	F, G	6

The overall expected duration of the project is weeks.

9.7 What is the duration of the critical path for this project?

Activity	Immediately preceding activity	Duration (weeks)
A	—	5
B	—	4
C	A	2
D	B	1
E	B	5
F	B	5
G	C, D	4
H	F	3
I	F	2

weeks are needed for the critical path.

9.8 Projects present some management challenges.

Which of the following are potential challenges for project managers?

Select ALL that apply.

- ☐ Teambuilding
- ☐ Expected problems
- ☐ Unexpected problems
- ☐ Delayed benefit
- ☐ Potential for conflict

9.9 Which ONE of the following provides a common understanding of a project for all its stakeholders by defining the project's overall boundaries?

- ☐ Project lifecycle
- ☐ Project milestones
- ☐ Project scope
- ☐ Project schedule

9.10 Which ONE of the following is the term used in project management to assess how achievable various project options are?

- ☐ Feasibility analysis
- ☐ Risk analysis
- ☐ Contingency analysis
- ☐ Resource analysis

9.11 At what stage in the project lifecycle is the scope of a project determined?

- ☐ Planning
- ☐ Initiation
- ☐ Growth
- ☐ Control

9.12 Which of the following can be used to manage project uncertainty, with specific reference to time?

Select all that apply.

- ☐ PERT
- ☐ Financial feasibility
- ☐ Buffering
- ☐ Scenario planning
- ☐ SWOT
- ☐ Economic feasibility
- ☐ Work breakdown structure

9.13 RCT Company has initiated a project with the objective of building a new manufacturing plant for its washing detergent products, soaps, and chemical cleaners. The plant will need to install manufacturing processes and equipment which will enable easy switching of production between the different product lines. It will also need to assess how the waste from the manufacturing process is disposed of safely.

Match the types of feasibility with the questions.

Types of feasibility can be used more than once.

- (i) Social feasibility
- (ii) Economic feasibility
- (iii) Ecological feasibility
- (iv) Technical feasibility

How will waste products be disposed of safely?

How much disruption will the building of the plant cause?

What is the likelihood of the local community objecting to the project?

Are the manufacturing processes and equipment available?

What pollution could be caused by the project?

What is included in the costs of the project?

9.14 The earliest event time (EET) and latest event time (LET) of the final node on the network analysis will be the same.

Is this statement True or False?

- ☐ True
- ☐ False

9.15 Match the project planning technique against the relevant description of its purpose.

- (i) incorporates risk by adding in slack into risky activities
- (ii) is used to analyse the interrelationship between project tasks
- (iii) are a graphical representation of project activities
- (iv) assists with risk in project time planning

Network Analysis	
Buffering	
PERT	
Gantt Charts	

9.16 What is the duration of the critical path for this project?

A company is about to undertake a project about which the following data is available.

Activity	Preceded by activity	Duration (Days)
A	—	3
B	—	5
C	B	2
D	A	1
E	A	6
F	D	3
G	C,E	3

Duration of critical path is

10 The project team

10.1 According to Tuckman, at what stage of the process of group formation is it when members begin to set agreed standards and allocate roles?

- ☐ Storming
- ☐ Forming
- ☐ Norming
- ☐ Performing

10.2 FOPSSound is a well established group of music producers, with members working well together for 4 years. However, one of the team is branching out on his own and another has decided that he needs to spend more time with his family, so is retiring. Two new members of staff have been recruited to replace them.

What stage of team development will the group need to revert to in order that team cohesiveness is restored?

- ☐ Storming
- ☐ Norming
- ☐ Forming
- ☐ Performing



10.3 Although there are numerous benefits of working as a team, there can be some negative effects too.

Which of the following are the negative effects of team working?

Select ALL that apply.

- ☐ The Abilene Paradox
 - ☐ Synergy
 - ☐ Group think
 - ☐ Problem solving
 - ☐ Conformity
 - ☐ Role ambiguity
 - ☐ Creativity
-

10.4 **What is the MAIN difference between a 'group' and a 'team'?**

- ☐ A team has an identity, a group does not
 - ☐ A team has a mix of personalities, a group does not
 - ☐ A team has a common purpose, a group does not
 - ☐ A team has commitment, a group does not
-

10.5 **What is the role of the project sponsor?**

- ☐ Provides and is accountable for the resources invested in the project
 - ☐ Communicates the project vision within the organisation
 - ☐ Takes responsibility for delivering the project on time
 - ☐ Represents the interests of the project board
-

10.6 A team is winding up a challenging project that it has been working on for some time. Next week, the same team will go on to a new project with quite different challenges.

Which stage of the group development model is this team likely to be going through?

- ☐ Norming
 - ☐ Dorming
 - ☐ Adjourning
 - ☐ Performing
-

10.7 Team-member Tom is one of those people who is dynamic and thrives on pressure. He tends to be the one who challenges and pushes other team members, sometimes annoying or upsetting them – but also getting the team past difficult periods.

Which of Belbin's team roles does Tom exercise?

- ☐ Plant
 - ☐ Co-ordinator (chair)
 - ☐ Implementer
 - ☐ Shaper
 - ☐ Monitor-evaluator
 - ☐ Completer-finisher
-

- 10.8 Team-leader Arnica has given a team briefing stating the current situation and asking for suggestions to move the project on.

What stage is the team current at?

- ☐ Forming
- ☐ Storming
- ☐ Norming
- ☐ Performing

- 10.9 Which of the following principles of classical management is challenged by matrix management?

- ☐ Structuring the organisation on functional lines
- ☐ Structuring the organisation on geographical lines
- ☐ Unity of command
- ☐ Decentralisation of decision making

- 10.10 Which of the following is not an advantage of a matrix structure?

- ☐ Dual authority
- ☐ Greater flexibility
- ☐ Employee motivation
- ☐ Improved communications

- 10.11 A large supermarket chain has purchased land for a new out-of-town shopping development in an area of recognised natural beauty. The organisation is now preparing plans for infrastructure development (road access, parking, power) and construction.

Using Mendelow's power/interest matrix, what strategy would the organisation use for the local nature appreciation groups?

- ☐ Consult and involve
- ☐ Keep informed
- ☐ Keep satisfied
- ☐ Minimal effort

- 10.12 A company has established a project team to design a new information system.

The team has had a few meetings to discuss how they are going to tackle the work, and who would do what, but some early ideas have been unsuccessful.

Group members are still putting forward a number of very innovative ideas, but they often disagree strongly with each other.

The group members appear to be dividing into two 'camps' each of which has an unofficial 'leader'.

These two individuals agree about very little and appear to dislike each other.

According to Tuckman, which stage in group development has the project team reached?

- ☐ Norming
- ☐ Performing
- ☐ Storming
- ☐ Dorming
- ☐ Forming

10.13 Identify the terms that complete this statement from the list below.

- shareholding
- authority
- interest
- turnover
- power
- profitability

Mendelow proposed classifying stakeholders in terms of their level of in a strategy/project and their to influence it.

10.14 Mr Squirrel has built a new team to work on a project. He has evaluated the group according to Belbin's team roles and has identified that the group is unbalanced. The group is missing a number of important roles necessary to be effective. Mr Squirrel needs someone to control and organise the group's activities, and there is no one who is chasing and ensuring deadlines are met. The group is also missing someone to support other team members and diffuse potential conflict situations.

Match the team role to the description given.

- (i) Plant
- (ii) Co-ordinator
- (iii) Shaper
- (iv) Monitor Evaluator
- (v) Completer-Finisher
- (vi) Implementer
- (vii) Team Worker
- (viii) Resource Investigator

Someone to control and organise the group's activities

Someone to chase and ensure deadlines are met

Someone to support other team members and diffuse potential conflict situations

10.15 To be successful in the management of change, a project manager will:

Select THREE options.

- ☐ Adopt an appropriate leadership style for managing change
- ☐ Understand the overall strategic objectives of the project
- ☐ Make use of formal means only to communicate with project team members
- ☐ Be sensitive to the environmental and organisational contexts of the change
- ☐ Drive change entirely from the top

10.16 Which of the following are roles of the project manager?

Select ALL that apply.

- ☐ Coordinates project activities
- ☐ Approves the project plan
- ☐ Provides resources
- ☐ Provides leadership for the project team
- ☐ Responsible for successful delivery of project objectives
- ☐ Initiates the project

10.17 Which of the following is a potential problem with individual performance-related pay (PRP) as a motivator?

- ☐ Its effect on organisational communication.
- ☐ Its relevance to business objectives.
- ☐ The fact that it does not relate to individuals' wage or salary grades.
- ☐ Its effect on project team motivation.

10.18 Grant is a member of a project team. His colleagues in the team rely on him to read and check complex project documentation.

Grant has a keen eye for detail and often identifies minor details in documents that others miss but may be of significance.

Despite the diligent approach, Grant always meets his deadlines.

However, some of Grant's colleagues feel frustrated when he refuses to involve others.

He can hold up progress as he will not agree to the team signing off project documents until all of his concerns are fully discussed.

According to Belbin's team roles theory, Grant is an example of which of the following?

- ☐ Implementer
- ☐ Completer – finisher
- ☐ Monitor – evaluator
- ☐ Shaper
- ☐ Plant
- ☐ Resource Investigator

10.19 In the context of Mendelow's matrix, which stakeholders should be 'kept informed'?

- ☐ High interest, high power
- ☐ High interest, low power
- ☐ Low interest, high power
- ☐ Low interest, low power

10.20 Which of the following project stakeholders is the person who provides the resources for a project?

- ☐ Project sponsor
- ☐ Project manager
- ☐ Project owner
- ☐ Project customer

10.21 In the context of Mendelow's stakeholder matrix, which of the following are likely to increase the following stakeholders' levels of power?

Select ALL that apply.

- ☐ Trade union's membership increases amongst the employees of an organisation.
- ☐ The IT department recruits more IT specialists to accommodate a company's decision to sell all its products online.
- ☐ A shareholder group meet to discuss a proposal from the directors.
- ☐ A supplier wins a contract to be sole supplier of one of the company's competitors.
- ☐ A department's budget has been reduced by 50%.

10.22 In the context of stakeholder analysis and Mendelow's matrix, which of the following axes are used to assess the position of a stakeholder?

Select ALL that apply.

- ☐ Level of interest
 - ☐ Level of knowledge
 - ☐ Level of power
 - ☐ Level within the hierarchy
 - ☐ Legitimacy
-

10.23 Project W is a severely time-constrained research project and must be completed to high quality standards.

The project staff all have academic qualifications and a wealth of relevant experience.

They are divided into four specialist teams, each working on separate, complex problems.

Each team is headed by an expert in the relevant field.

The project manager has good experience of the general theoretical background to the work being done but ceased to be involved in practical research some years ago.

Using the Ashridge classification, which management style would you expect to be least useful to the project manager?

- ☐ Tells
 - ☐ Sells
 - ☐ Consults
 - ☐ Joins
-

Answers to Objective Test questions



1a Introduction to strategy

1a.1 The correct response is: The resource-based approach

The positioning approach is used by a company that seeks to identify a gap in the market and fill it.

The outside-in approach is another way of describing the positioning approach.

The ecological approach is the consideration of ecological factors as part of the strategy setting process.

1a.2 The correct answer is: Human resource management, marketing and sales, service.

Human resource management ensures people with the right skills and disposition are hired to work for Sabrina Airways.

Marketing and sales activities ensure that Sabrina Airways understands what the customer wants and that customers are aware of how the business meets their needs.

Service relates to all aspects of the organisation both during and after the delivery of the service eg, in-flight service or dealing with queries prior to or post flight.

Technology development is incorrect because it refers to the technology used to deliver the service, which is not mentioned in the scenario.

Outbound logistics is incorrect because it refers to delivering goods to where the customer can obtain them. This question refers to the delivery of a service.

Firm infrastructure refers to how the business is structured eg, functional, matrix. It can also refer to things like quality assurance processes, so you may have thought this was relevant. 'Service' is a better answer in this case because the scenario relates to a service industry that is people-intensive.

1a.3 The correct answer is: Threshold competences

'Competences' refers to a business' activities or processes. Threshold competences are the absolute basics a company must have to operate. They are not a source of competitive advantage. Core competences on the other hand **are** the company's source of competitive advantage.

'Resources' refers to the things a business has as opposed to what it does (the competences). Resources can also be either threshold or core.

1a.4 The correct answers are:

- Decisions to enter new markets
- Complex decisions
- Relations with external stakeholders

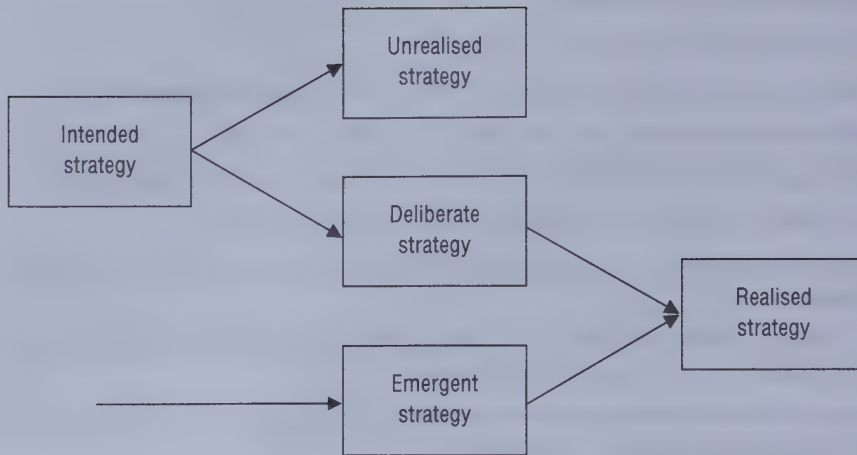
These are all strategically important items which impact the firm as a whole so need to be made at the highest level of the organisation.

Marketing decisions on price will be more appropriately made at Strategic Business Unit level.

Production and distribution decisions should either be made at SBU level or operational level.



1a.5 The correct answers are:



Emergent Strategy starts out the same way as Rational Planning, with an intended strategy. The strategies that are not taken forward are 'unrealised'. Those strategies that are taken forward are 'deliberate' strategies. 'Emergent' strategies are those which are not planned for and incorporated as the deliberate strategy is implemented. Emergent plus deliberate strategies are referred to as 'realised'.

1a.6 The correct answers are:

The combination of the internal position audit and the external analysis to produce a SWOT analysis. Corporate appraisal

Internal failures that hinder the organisation from meeting its goals Weaknesses

Events or changes in the organisation's environment which are unfavourable to the organisation and need to be guarded against Threats

Events or changes outside the organisation that could be exploited to the organisation's benefit. Opportunities

1a.7 The correct answer is:

The **positioning** view sees competitive advantage as coming from the way a firm positions itself in relation to its competitors, customers and stakeholders. The **resource-based** view suggests that the organisation should focus on developing a **unique** competence or asset and then find a market which wants it. This is also referred to as an **inside-out view**.

1a.8 The correct answers are:

- Visionary entrepreneurs
- A response to unexpected contingencies
- Strategy can be tried and tested as it is implemented

The key point around emergent strategy is that it develops over time – there is flexibility in the strategy so that if something is not working it is scrapped and if a good idea is suggested it can be implemented.

The other options are features of formal strategy.

1a.9 The correct answers are:

Strength	Weakness
Excellent product design	Over reliance on external providers of quality raw materials
Opportunity	Threat
Global economic recovery	Political risk in a country where HKG exports to

1a.10 The correct answers are:

Definition

Strategy is a unique way of perceiving the world, interpreting information and judging opportunities and choices. Different organisations might respond to environmental stimulus in different ways.

Strategy involves manoeuvres to outclass competitors and can be viewed as a competitive business game.

Insert correct 'P'

Perspective

Ploy

1a.11 The correct answers are:

- (1) Mission
- (2) Goals
- (3) Objectives
- (4) Key Performance indicators

A mission is a broad statement of the purpose of an organisation that is prepared in line with the values and expectations of its stakeholders. An organisation will then set its goals – what does it want to achieve? Then objectives which are more defined than goals, then KPIs which measure progress toward achieving the objectives.

1a.12 The correct answers are:

- Is outside-in
- Ensures the organisation has a good fit with its environment
- Assumes the future of markets is predictable

The other options are features of the resource-based view.

1b Contemporary perspectives in strategy development

1b.1 The correct answer is: Strategic alliance

A merger is two companies becoming one, working together to grow stronger together.

Outsourcing is the contracting of a third party to perform a business operation.

Network organisations are groups of legally independent businesses that work together to appear larger than they actually are, often via the internet.

1b.2 The correct answers are:

- Transaction cost theory allows distinctive competences to be identified
- Transaction cost theory supports organisational restructuring

It is true that transaction cost theory allows distinctive competences to be identified and it supports organisational restructuring.

IT tends to **lower**, not **increase**, transaction costs as it allows for the more efficient searching, comparison and monitoring of suppliers.

Increased trust also tends to **reduce** transaction costs. Transaction costs are likely to be considerably lower where an existing relationship of trust exists between the supplier and the customer.

1b.3 The correct answers are:

- Rapid economic growth
- Overall improvement in living standards
- Increasing urbanisation

An emerging economy is more likely to experience a decrease in agricultural employment, and it is often the case that economic equality decreases as the rich increase their wealth at a faster rate than the lower socio-economic classes.

1b.4 The correct answer is: Acquisitions involve one entity subsuming another but a merger is a meeting on equal terms.

1b.5 The correct answers are:

Annual spend on veterinary fees	Economy
Number of cats re-homed this month	Effectiveness
Average cost per animal per week	Efficiency

1b.6 The correct answer is:

If Company HJJ decides to do its payroll in-house, managers will then focus on monitoring and controlling that function's use and performance. This is known as a **hierarchy** solution. The company may enter into a contract to buy in the payroll services from an external supplier as long as the **transaction** costs associated with this last option are not too high. This option is called the **market** solution.

1b.7 The correct answers are:

Company A	Franchise – the franchisee manufactures or distributes a product or service while the franchiser retains control of the brand and marketing
Company B	Virtual network – an organisation with few physical assets and relies heavily on IS/IT
Company C	Consortium – short-term legal entity set up to deliver a particular project

1b.8 The correct answer is: Contract price.

The contract price is the direct cost of outsourcing the payroll work.

Performance monitoring, tendering contract negotiations and loss of internal skills are all indirect and ongoing costs of the outsourcing.

1b.9 The correct answer is: High transaction costs and low control

This is because these functions are crucial to business success and marketing in particular is very specific to each organisation so cannot be outsourced without a high degree of monitoring being put in place to manage the contract. Control will diminish as the processes are managed by the third party.

1b.10 The correct answers are:

Minimising inputs required to generate outputs	Production
Compliance with legislation, treatment of waste etc.	Environmental auditing
Trace the full life-cycle of the product	Ecological approach
A TQM approach to continuous improvement	Quality
Shadow pricing to quantify environmental consequences	Accounting
Environmental cost allocated to relevant processes	Economic

1b.11 The correct answer is: Legislation to make it easier to hire and fire employees.

This makes employment (which supports a traditional organisational structure) more flexible. It would therefore detract from Ghoshal & Bartlett's suggestion.

1b.12 The correct answer is: Licensing

A licensee has the right to manufacture a patented product in return for a fee. It is not a franchising arrangement because Company IEO has the right to market it under its own brand.

1b.13 The correct answers are:

An emphasis on customising products and services to fit local conditions.	Glocalisation
Functional integration of internationally dispersed activities.	Globalisation
Extension of trade beyond national/economic/political boundaries.	Internationalisation

1b.14 The correct answers are:

- To provide good working conditions and decent rewards for all employees.
- To keep employees informed of policy, progress and problems.
- To support the local community and preserve the environment.

By paying a minimum wage to everyone and conforming with legislation, the organisation is fulfilling its legal obligations, not its social responsibility.

1b.15 The correct answers are:

- Franchising
- Joint ventures
- Consortia
- Licensing

A strategic alliance is the sharing of resources and activities across two or more organisations in order to pursue strategies.

Acquisitions and mergers are not strategic alliances.

Acquisitions are the purchase of one organisation by another.

Merger are where two or more organisations come together to create a single, larger organisation.



2 General environment

2.1 The correct answers are:

- High level of differentiation, meaning a new competitor will need a differentiated rather than a generic product in order to compete.
- High entry costs, meaning a new competitor will need a lot of capital.
- Strong brand presence, meaning customers may be loyal to existing firms.
- Highly vertically integrated firms, meaning strong supplier/customer relationships which take time to develop.

The other items create low barriers to entry.

2.2 The correct answers are:

Power of suppliers Low

Barriers to entry High

Supplier power is low because TWS is such an important customer.

Barriers to entry are high because a lot of capital is needed to set up a supermarket.

2.3 The correct answers are:

Control of the money supply Monetary policy

Interest rates Monetary policy

Government spending Fiscal policy

Exchange rates Monetary policy

Government borrowing Fiscal policy

Fiscal policy refers to the use of taxation and government spending in order to manage the economy and achieve the government's economic objectives. Monetary policy attempts to achieve the same end but does it through the control of the money supply in the economy.

2.4 The correct answers are:

- Changes in leisure pursuits
- Analysis of the population by age group
- Religious affiliation and practices

The seven categories of the LoNGPEST model are not sealed off from one another and some basic environmental issues may be relevant to more than one category. For example unemployment is an important economic variable but is likely to have effects on people's attitudes and behaviour, so it has social and political implications. Similarly legislation can affect economic and social activity.

2.5 The correct answers are:

Higher education system Advanced factor

Up to date telecommunications networks Advanced factor

Access to diverse coastline and complex river systems Basic factor

Access to road and rail systems Advanced factor

Basic factors are naturally occurring and require little investment whereas advanced factors are man-made.

2.6 The correct answer is: Market share.

This is traditionally considered to comprise part of an internal position audit rather than an environmental analysis identifying opportunities and threats.

2.7 The correct answer is: Buffering.

Buffering is the lobbying of governments before legislation is ratified in order to explain its potential impact.

Protectionism refers to action taken by one government to restrict trade with others in order to protect their own producers from competition.

Economic liberalisation usually takes the form of the removal of barriers to trade (eg tariffs, quotas, subsidies, tax).

Bridging is the monitoring of political developments so as to ensure compliance with upcoming legislation.

2.8 The correct answer is: Firm strategy, structure and rivalry.

Firm strategy, structure and rivalry poses the question: 'Does the country's culture and management style help or hinder the industry?'

2.9 The correct answer is:

The government in the country of Utopica has recently introduced import **quotas** which limit the volume of overseas meat that can be brought into Utopica. They have also made **subsidies** available to domestic meat producers in order to increase the amount of meat produced within the country. This is an example of a **protectionist** policy.

Quotas limit the volume of goods going into or coming out of a country whereas tariffs are forms of tax on the value of the goods.

Subsidies increase production, taxation on production reduces it.

Protectionist policies aim to protect domestic producers.

2.10 The correct answers are:

- National
- Technological
- Global

LoNGPEST stands for:

- Local
- National
- Global
- Political
- Economic
- Social
- Technological

2.11 The correct answer is: One that meets the same needs but is made or delivered in a different way.

A substitute product is one that meets a similar need to another product or service but it is made and delivered in a different way. For example, email is a substitute for physical delivery of letters.

2.12 The correct answer is: The government uses import taxes and tariffs to protect developing industries and reduce the country's dependence on foreign imports.

The policy is aimed at making imports less attractive so that the country becomes more self-sufficient in terms of the goods and services it consumes.



2.13 The correct answers are:

Bridging: Reading newspapers and watching news bulletins, consulting with their legal team, and attending forums. All in order to ensure they are aware of any changes in political direction which may affect them and can respond to them. Bridging is monitoring political developments so as to ensure compliance.

Buffering: Taking their local MP out to lunch and campaigning the Department for Business, Innovation & Skills in order to try to persuade the government not to implement a particular bit of legislation that will impact them negatively. Buffering is lobbying government before legislation is ratified in order to explain its implications.

2.14 The correct answers are:

- Video conferencing
- High-speed international train link

A substitute product is one that satisfies the same need (facilitating speedy business meetings) but is made or delivered in a different way. The other options are all competitors.

2.15 The correct answer is: Related and supporting industries

One successful industry may lead to advantage in related and supporting industries. At a regional rather than national level, this can also lead to the importance of clusters of organisations from the same industry or sector in the same location within countries.

2.16 The correct answer is: Elimination of business risk due to geographical diversification

Although risk may be reduced, it cannot be totally eliminated. The remaining options are benefits of globalisation.

2.17 The correct answer is:

<i>Trigger</i>	<i>Impact</i>
The company's products are successfully differentiated through branding.	Increase bargaining power of the seller
The company's customers are signed up to long-term contracts and must pay a penalty if they terminate the contract early.	Increase bargaining power of the seller
The company's suppliers are signed up to long-term contracts and must pay a penalty if they terminate the contract early.	No impact
There has been a trend toward mergers between the company's customers.	Decrease bargaining power of the seller

Differentiation makes it more difficult for customers to transfer to the company's competitors. If customers are tied into long-term contracts protected by penalty clauses, this too represents a switching cost for customers so makes the bargaining power of the company stronger. The same is not true, however, if the suppliers are tied into the long-term contract. Mergers among the company's customer base reduces the number of customers, each buying a larger volume.

2.18 The correct answers are:

- Increase in patent protection
- Requirement for firms in the industry to invest in land and computers

Increases in patent protection and the requirement to invest capital both make entry into an industry more expensive and therefore are barriers to entry. On the other hand, the other options may serve to reduce those barriers.

3 Competitive environment

3.1 The correct answers are:

- A focus on 'why' questions rather than 'what' 'where' and 'when'.
- It is costly to undertake.
- The attempt to find out customer preferences for our products rather than for our competitor's products.

Qualitative research attempts to understand customer preferences rather than simply know what they are and as such, more time and effort will need to be put into gathering the research so it will cost more.

Non-financial data can still be quantitative, and selection of data to analyse is the next step in the process, once data has been gathered – whether it be qualitative or quantitative.

3.2 The correct answers are:

- It helps managers to understand their company's competitive advantages/disadvantages as compared with competitors.
- It aids understanding of competitors' past, present and future behaviour.
- It provides an informed basis to assist a company to develop its own competitive strategies.

Copying a competitor's strategy would not lead to competitive advantage, and analysing a competitor in one industry would not be likely to engender success in a different industry.

3.3 The correct answers are:

Firms whose products satisfy the same needs although they are technically quite different	Form
Firms who compete for the same income, but offer different products	Generic
Firms who have similar products, the same customers and are of a similar size	Brand
Firms who produce similar products but who are different in size or structure or compete in a more limited area/product range	Industry

3.4 The correct answers are:

Selling the same alarms, albeit with different casings, to smaller, less affluent households for a lower price.	Market development
Development of new, more sophisticated alarms and a wide range of security services (guards and surveillance) for sale to industrial clients for higher prices.	Diversification

3.5 The correct answer is:

Cost leadership strategies involve striving to be the lowest price seller in the industry as a whole.	False
According to Porter a cost leadership strategy may be successfully pursued in conjunction with a focus strategy.	True
According to Porter a cost leadership strategy may be successfully pursued in conjunction with one of differentiation.	False
• False – Cost leadership involves being the lowest cost provider (regardless of selling price). • True – Focus involves segmentation of the market and pursuing either a cost leadership or a differentiation strategy within that one segment. • False – Porter argues that an organisation should pursue either a cost leadership strategy or a differentiation strategy, otherwise being stuck in the middle will lead to loss of competitive advantage.	

3.6 The correct answer is: Internal benchmarking.

Competitive benchmarking involves the benchmarking of performance with a direct competitor.

Reverse engineering is an exercise whereby a competitor's product is dismantled to see how it is made.

Functional benchmarking is the benchmarking of functions/processes/departments against the best external performer.

Operational benchmarking is a synonym for functional benchmarking.

3.7 The correct answer is: Form.

Form competitors aim to satisfy the same need but in different ways. In this case that need is the entertainment of children.

3.8 The correct answer is:

VTT operates in a limited geographical area. For many years there was no significant competition. Recently a new competitor, FID, has been established delivering the same service as VTT. FID is smaller than VTT but has discounted its prices significantly on a number of occasions in its first year. VTT cut its prices just as significantly each time and responded with a vibrant marketing campaign.

VTT and FID are **industry** level competitors and VTT shows itself to be a **tiger** competitor in reaction to the competitive threat.

Industry (same products but different size and structure)

Tiger (strong reaction to an attack on its market or product)

3.9 The correct answer is: Low market growth.

Cash cows have low market growth and high market share. Dogs have low market share and low market growth.

3.10 The correct answers are:

- Market research to ascertain customers' buying attitudes
- Hiring a consultant in order to train employees on new health and safety legislation

The other options are concerned with internal information (eg sales ledger and work patterns) or is informal (eg the chief executive learns the news by chance from his/her spouse).

3.11 The correct answers are:

- Niche market segments can be more secure.
- The firm does not try to achieve too much with too little early in the business cycle.

The other options are disadvantages of a focus strategy.

3.12 The correct answer is:

In the context of the Boston Consulting Group matrix relative market share is assessed as a ratio. It is the market share of one company compared to the market share of the largest competitor providing that same product True

Exploitation of the learning curve in early stages of production of a new product may help in the pursuit of a cost leadership strategy True

Where one organisation sells home improvements and another sells package holidays these organisations may be described as form competitors False

The definition of relative market share is correct.

The learning curve represents cost saving that can be generated because the workforce is getting quicker and more efficient at producing a good, it will therefore help to reduce the organisation's cost base.

The relationship described here is a generic form of competition. Form competitors produce goods and services that are technically different but satisfy the same need.

- 3.13 The correct answer is:
- The firm reacts strongly to certain types of competitive attacks. Selective
- The firm does not remain quiet and reacts strongly to any attack on its markets or products. Tiger
- The firm does not exhibit any predictable reaction pattern. Stochastic
- 3.14 The correct answer is:
- Big data** is a term used to describe the extraction of meaning from vast quantities of **uncorrelated** data. Organisations are particularly interested in identifying **trends** and correlations in the data that they collect and store with the aim of putting this to commercial use.
- 3.15 The correct answers are:
- Lions
 - Silos
- Dogs have low market growth and low relative market share.
- Cash cows have low market growth but high relative market share.
- Question marks are the same as problem children and they have low relative market share but high market growth.
- Stars have both high market share and high market growth.
- 3.16 The correct answer is:
- The process of gathering external information which is available from a wide range of sources Environmental scanning
- What an organisation needs to know about its business environment to enable it to anticipate change and design appropriate strategies that will create business value for customers Strategic intelligence
- Collection and analysis of non-numerical data Qualitative research
- 3.17 The correct answer is: Factors fundamental to strategic success.
- There is little point in being good at something if it doesn't add value to your business.

4a Key concepts in management

- 4a.1 The correct answer is: Awareness of the importance of group dynamics and worker attitudes as an influence on productivity.
- Productivity and efficiency are not central concerns of human relations: rather, this could apply to the scientific management school.
- Awareness of the variables affecting a manager is a contribution of the contingency school.
- Proof of a link between job satisfaction, worker motivation and business success has not yet been provided by any school of management or motivation theory: apart from anything else, business success depends on factors other than the productivity of the workers.

4a.2 The correct answer is: Monitor.

The monitor role involves scanning the environment and gathering information from a network of contacts.

As spokesperson, the manager can then provide information on behalf of the department or organisation to interested parties. A disseminator, can also spread relevant information to team members. The role of leader means hiring, firing and training staff.

4a.3 The correct answers are:

- The job of measurement
- Motivating
- Developing people

Managing a business and managing managers were part of Mintzberg's theory on the role of managers.

4a.4 The correct answers are:

- An airline
- A small retail store
- A design agency

A large accountancy practice will need to ensure it always has the required expertise in-house.

A sports team will need to work hard to foster team spirit at all times, the shamrock does not allow for this.

A sole trader will probably need to be all elements of the shamrock all the time.

4a.5 The correct answers are:

- Targets set are measurable
- Continual review of results
- Staff jointly set objectives with managers
- Goals are stated in behavioural terms

The other responses are likely to result in an ineffective MBO process.

4a.6 The correct answers are:

- There are differences of status, determined by people's greater expertise and experience.
- The degree of commitment employees have to the goals of the firm and the team is more extensive.
- Corporate culture is a powerful guide to behaviour.

In an organic organisation the business is its people, pay scales will be flexible and procedures are open to interpretation.

4a.7 The correct answer is: Core group.

'Peripheral group' is a distractor. Flexible labour and the contractual fringe are used on an ad-hoc basis and are hired for a specific purpose so would not need to be multi-skilled.

4a.8 The correct answers are:

Permanently-employed people who represent the distinctive knowledge and competences of the firm. They are qualified professionals, technicians and managers. Their commitment is focused on their work and career within the organisation.

Professional core

Temporary and part-time workers who can be brought in as and when needed, especially to meet peaks in the demand for services. They are crucial in maintaining standards of service, so it is important for the firm not to treat them 'casually'.

Flexible labour

External providers who are able to undertake non-core activities or provide specialist services, more economically than the firm could manage internally.

Contractual fringe

4a.9 The correct answers are:

The payroll department of a firm has well-defined tasks such as paying salaries at the end of the month. There is little variation. Controls are needed to ensure processing accuracy and to avoid fraud. Mechanistic organisational form

The 'creative department' of an advertising agency, employs a number of professional experts such as copywriters, graphic designers and account executives, who work on projects. Organic organisational form

4a.10 The correct answer is: Figurehead.

Interpersonal roles are based on the manager's formal authority: they include the roles of figurehead, leader and liaison. Informational roles are based on the manager's position in internal and external information networks: they include monitor, spokesperson and disseminator.

Decisional roles relate to the work of the manager's department: entrepreneur, disturbance-handler, resource allocator and negotiator.

4a.11 The correct answers are:

At WPW there were small, integrated work groups consisting of a skilled man, his mate and one or two labourers. There was a high degree of autonomy at the work group level. The group was paid for its work as a group. Social Systems

WPW then introduced new technology creating a need for larger, more specialised groups. A single cycle of mechanised production might extend over three shifts, each performing a separate process and made up of 10 to 20 men. Physical dispersion also greatly increased. Technical Systems

4a.12 The correct answers are:

- | | |
|---|---------------------------|
| Flexible and adaptive organisational forms | Organic Organisations |
| Stable and efficient organisational forms | Mechanistic Organisations |
| Suitable for slow-changing operating environments | Mechanistic Organisations |
| Suitable for dynamic operating environments | Organic Organisations |

4a.13 The correct answers are:

- They are ideal for standardised, routine tasks.
- Some people are suited to the structured, predictable environment.
- Rigid adherence to procedures may be necessary for fairness, adherence to the law, safety and security.

The fact that communication is only through suggested channels actually decreases the amount of suggestions made, and bureaucracies do not enhance creativity due to the level of control present. Decisions are made slowly.

4a.14 The correct answers are:

- Unpleasant working conditions
- Below market rate salary
- High levels of supervision and tight control

Other hygiene factors concern policies and procedures and social interaction.

The other factors in the list are motivators.

4b Key concepts in leadership

4b.1 The correct answers are:

The technostructure can undermine the line managers' authority, by empire building.

Lack of seniority. Middle line managers may be more senior in the hierarchy than technostructure advisers.

Expert managers may lack realism, going for technically perfect but commercially impractical solutions.

Technostructure experts lack responsibility for the success of their ideas.

Clear demarcations of line, staff and functional authority should be created.

Use functional authority (via policies and procedures). Experts should be seen as a resource, not a threat.

Technostructure planners should be fully aware of operational issues, and communicate regularly with the middle line.

Technostructure experts should be involved in implementing their suggestions and share accountability for outcomes.

4b.2 The correct answer is:

Delegation is the process whereby a manager assigns part of his **authority** to a subordinate but the manager's **accountability** can never be delegated.

Authority is defined as the right to do something or ask someone else to do it.

Accountability can never be delegated as the manager is still accountable to their own superior for ensuring that the work is done.

4b.3 The correct answer is: Referent

Referent power is the power that a person has because they are well liked.

Coercive power is the power a person has to assign punishment.

Reward power is the power a person has to confer rewards.

Expert power is the power a person has who is perceived to have expert knowledge.

4b.4 The correct answers are:

- Knowledge workers
- Flexibility
- Delegation
- Delaying

Centralisation, increasing middle management and top-down management are all things that would decrease empowerment.

4b.5 The correct answer is: Transformational.

Transactional is simply incorrect.

Theory X and Contingency are terms which refer to management rather than leadership.

A key feature of an entrepreneurial leader is creativity, and trait theory considers personal characteristics such as height and intelligence.

4b.6 The correct answers are:

The leader has only superficial trust in subordinates, motivates by reward and, though sometimes involving others in problem solving, is basically paternalistic.	Benevolent authoritative
The leader imposes decisions, never delegates, motives by threat, has little communication with subordinates and does not encourage teamwork.	Exploitative authoritative
The leader has confidence in subordinates, who are allowed to make decisions for themselves. Motivation is by reward for achieving goals set by participation, and there is a substantial amount of sharing of ideas, opinions and co-operation.	Participative
The leader listens to subordinates but controls decision making, motivates by a level of involvement, and will use the ideas and suggestions of subordinates constructively.	Consultative

4b.7 The correct answer is: Staff authority.

Staff authority is the authority that a member of one department has to give specialist advice to members of another department, where there is no line authority.

4b.8 The correct answers are:

The process by which one person modifies the behaviour or attitude of another.	Influence
The term for making workers (and particularly work teams) responsible for achieving, and even setting, work targets, with the freedom to make decisions about how they are to be achieved.	Empowerment power
The right to do something, or to ask someone else to do it and expect it to be done.	Authority

4b.9 The correct answers are:

I attend because it is expected. I either go along with the majority position or avoid expressing my views.	1.1 Impoverished
I try to come up with good ideas, and push for a decision as soon as I can get a majority behind me. I don't mind stepping on people if it helps making a sound decision.	9.1 Task Orientated
I like to be able to support what my boss wants and to recognise the merits of individual effort. When conflict rises, I do a good job of restoring harmony.	1.9 Country Club

4b.10 The correct answers are:

- Managers are freed up to concentrate on higher-level tasks (such as recipe development).
- Delegation shortens the chain of decision making, and brings decisions closer to the situations that require them (which should result in better quality decisions).
- Delegating authority contributes to the job satisfaction and development of the managers who delegate.

The other statements are reasons why delegation might be necessary, except for this statement 'Delegation reduces the need for management to control the performance of staff as they perform more tasks themselves' which is just incorrect.

4b.11 The correct answers are:

Based on analysing the personality characteristics or preferences of successful leaders.	Trait theories
Based on the view that leadership is an interpersonal process whereby different leader behaviours influence people in different ways. More or less effective patterns of behaviour (or 'styles') can therefore be adopted.	Style theories
Based on the belief that there is no 'one best way' of leading, but that effective leaders adapt their behaviour to specific and changing variables in the leadership context: the nature of the task, the personalities of team members, the organisation culture and so on.	Contingency theories

4b.12 The correct answers are

- Step 1 Specify performance in terms of the goals and standards expected of the subordinate, keeping in mind their level of expertise.
- Step 2 Formally assign tasks to the subordinate, who should formally agree to do them.
- Step 3 Allocate resources and authority to the subordinate to enable them to carry out the delegated tasks at the expected level of performance.
- Step 4 Back off and allow the subordinate to perform the delegated tasks.
- Step 5 Maintain contact, to review progress made, make constructive criticism and be available to give help and advice if requested

4b.13 The correct answers are:

Authority arising from the personality of the leader and their ability to inspire devotion through, for example, sanctity, heroism or example.	Charismatic authority
Authority resting on established belief in the importance of immemorial tradition and the status it confers.	Traditional authority
Authority arising from the working of accepted normative rules, such as are found in organisations and democratic governments.	Rational-legal authority

4b.14 The correct answers are:

This can lead to arbitrary and irresponsible behaviour, as the person has the right to make decisions without being held accountable for them.	Authority without responsibility
This places a subordinate in an impossible and stressful position, as they are held accountable for results over which they have no control.	Responsibility without authority

5 Culture

5.1 The correct answers are:

A large bread company exists in a stable environment, and its structure is well integrated. Management are preoccupied with efficiency with formal ways of behaviour.	Consistency culture
Hospitals are preoccupied with the sick, inevitably their values are patient orientated and staff's work has meaning and value.	Mission culture
Involvement culture satisfies the individual's needs so that they give more to the organisation and the whole becomes more than just the sum of its parts.	
Adaptability culture is where a company focuses on its environment and as a consequence, is continually changing.	

5.2 The correct answers are:

- Dress codes
 - Office layout
 - Logos and branding
- 'Artefacts' are 'concrete expressions' and include the above, but also literature and role models.

5.3 The correct answers are:

- Long-term employment, with slow progressing managerial career paths.
- Collective consensus decision-making processes.
- Industrial relations characterised by trust, co-operation and mutual adjustment.



Theory J states that control is implicit rather than explicit, and that because employees stay with the company for such a long time, they become 'part of the family' so that concern for the employee's well-being stretches beyond the organisational boundary.

5.4 The correct answer is: Process culture.

A process culture focuses on managing risk and 'getting it right'. Don't be led astray by what you perceive a company's culture to be. In order to answer this question correctly you must focus on what the company is meant to do!

5.5 The correct answers are:

You might have to set up team-working in customer-facing units to increase responsiveness.	Structure
You may need to train people in customer service skills.	Skills
They will also need new procedures and IT systems for better access to customer data.	Systems
Managers will have to adjust to empowering staff, and new corporate image will be developed.	Style

'Staff' refers to the number of people in the organisation and 'shared values' refers to the underlying beliefs and assumptions held by the organisation.

5.6 The correct answer is: Masculinity – femininity.

Power-distance refers to response to authority. Individualism-collectivism refers to whether value lies with an individual or with a group. Uncertainty avoidance is about the degree to which change is embraced.

5.7 The correct answer is: Bet your company culture.

This is because the company must make an extremely heavy resource commitment, usually for years, before any benefit of that hard work is seen. Failure to generate significant income after incurring such high costs would mean the end of the company.

5.8 The correct answer is: Work hard play hard culture.

The types of business where these cultures can be found are low risk and tend to have fun at work as they may involve an element of creativity.

5.9 The correct answers are:

The guiding set of beliefs, values and assumptions that shape how the organisation sees itself and its purpose.	The paradigm
The 'mythology' of the organisation: tales of successes and failures, how things got to be the way they are.	Stories
Symbolic behaviours such as business formulation and ceremonies, as well as formal procedures and customs.	Rituals and routines
Ways in which control is exercised via standards, monitoring and supervision.	Control systems

5.10 The correct answers are:

Culture is shaped by one individual.	Power
Culture is a bureaucratic culture shaped by rationality, rules and procedures.	Role
Culture is shaped by a focus on outputs and results.	Task
Culture is shaped by the interests of individuals.	Person

5.11 The correct answer is: Task.

A task culture is focused on getting the job done in the most efficient way possible, and this usually requires the high degree of flexibility that a matrix structure provides.

5.12 The correct answers are:

The purpose of the organisation is to serve the interests of the individuals who make it up. Management is directed at facilitating and administering. **Dionysus**

The organisation is controlled by a key central figure, owner or founder. Power is direct, personal and informal. Suits small organisations where people get on well. **Zeus**

Management is directed at outputs, problems solved and projects completed. **Athena**

Team-based, horizontally-structured, flexible and valuing expertise – to get the job done.

Classical, rational organisation with bureaucracy. Stable, slow-changing, formalised and impersonal. Authority based on position and function. **Apollo**

5.13 The correct answers are:

Task culture **Athena**

Person culture **Dionysus**

Role culture **Apollo**

Power culture **Zeus**

5.14 The correct answer is: Individualism.

In this type of culture, where there is low collectivism there must be high individualism.

5.15 The correct answers are:

- Short-term employment with focus on specialisation of skills.
- Individuals ultimately responsible for defined areas of accountability.

Theory A states that concern for employees is related solely to their performance at work, control is explicit and industrial relations are formal, demarcated by the organisation's hierarchy, and feature trade unions heavily.

5.16 The correct answers are:

- Willingness to take risk
- Speed of feedback

The other factors are items that have been considered by other theorists so are plausible, but were not central to Deal & Kennedy's theory.

5.17 The correct answers are:

This exists in a stable environment, and its structure is well integrated. Management are preoccupied with efficiency. Such cultures are characterised by formal ways of behaviour. Predictability and reliability are valued. **Consistency culture**

The environment is relatively stable, and the organisation is orientated towards it, eg 'the customers'. Members' work activities are given meaning and value. **Mission culture**

The basic premise is that the satisfaction of employees' needs is necessary for them to provide optimum performance. They take a 'human relations' approach to management. **Involvement culture**

The company's strategic focus is on the external environment, which is in a state of change. Corporate values encourage inquisitiveness and interest in the external environment. **Adaptability culture**

5.18 The correct answer is: The culture that extends across national boundaries.

The other responses are all distractors.

6 Conflict, negotiation and communication

6.1 The correct answers are:

- They increase management control.
- They can provide a fair basis for remuneration.
- They enable succession planning.

Appraisals increase management control because the appraisal process involves setting targets which are cascaded through the organisation, and progress against these targets is monitored.

Appraisals provide support for cases where a pay rise may be in order, and because they are organisation-wide, the HR department can use them to ensure that staff at a particular grade have a similar skill set and are remunerated on that basis.

Appraisals are also the employee's chance to indicate where they would like to progress in the organisation so that this can be built in to their development plan, or they can be used by management to assess a candidate's readiness to move on.

Because the appraisal is conducted by a person (or people), it is unlikely that it will be 100% objective. Appraisals do not form part of the disciplinary process.

6.2 The correct answers are:

- The company image is protected from a poor health and safety record.
- The morale of employees and others is improved.
- The legal obligations for health and safety are met.

Employees who break health and safety rules do not necessarily need 'punishment' but potentially re-education. The organisation may have guidelines on the consequences of rule breaking but this is not necessarily a 'control'.

Managers (and other employees) will still need to monitor for potential hazards no matter how many controls are in place.

6.3 The correct answers are:

- The choice of words provokes an emotional response
- The filtering out of elements that her or she does not want to deal with
- Limiting the encoding/decoding capabilities of the sender/receiver

Where the choice of words provoke an emotional response that may hinder the receiver from receiving the message clearly.

The other two responses will aid communication.

6.4 The choice of medium will be affected by:

- Permanency: the need for a written record for legal evidence, confirmation of a transaction for future reference.
- Complexity: for example the need for a graphic illustration to explain concepts.
- Urgency: the speed of transition.

In addition, the choice of medium is also affected by the sensitivity/confidentiality of the message, the ease of dissemination and the cost effectiveness of the communication method.

6.5 The correct answers are:

- Published statistics relating to market pay rates
- Examples of work she has performed to a high standard
- Details of a client which represents significant financial benefit to J's company that was obtained as a result of J's work

Market rates of pay and details of J's own work and contribution are all relevant and should be used by J to help her secure a pay rise.

J should not have access to the salary levels of other members of staff and this should not, therefore, be used as part of her negotiations.

It is unclear how J would intend to use the potentially discriminating evidence about her manager's personal life, but this is not relevant to the negotiation and this, nor any other form of bribery, should not be used.

6.6 The correct answers are:

A phone conversation with a client is interrupted as a result of interference on the line. Noise
Information relating to an organisational restructure is provided on a strictly 'need to know' basis. Cultural values

The new CEO determines that email will now be used as the primary method of communication to ensure documentary evidence is in place should it be needed. This rule is to be applied to all messages from daily updates, to social events, to key operational messages. Overload

Noise is physical noise such as people talking around you or interference on a phone line.

Overload is getting too much information.

Cultural values refers to the way things are done in the organisation eg, whether there is open communication and knowledge sharing or whether people are only told what they need to know. A reluctance to give bad feedback/news may be a cultural factor.

Jargon is the use of specialist terminology that others may not understand.

Priorities refers to the business's priorities, the targets set by senior management.

Selective reporting is where subordinates only report key messages upwards to their superiors.

Timing is a problem where information has no immediate use so it is forgotten.

Distortion is where information is 'lost in translation', misinterpreted.

6.7 The correct answers are:

A general update on the achievements of the company needs to be communicated to all staff. Email
A product is going to be re-launched and ideas for the marketing campaign need to be generated. Brainstorming session
The payroll manager has become aware of a time-keeping problem with one of the payroll clerks. One-to-one meeting
The organisation is planning a major restructure and the initial plans need to be announced. Large scale meeting
The sales team require an update on their achievements against targets for the last quarter. Team meeting



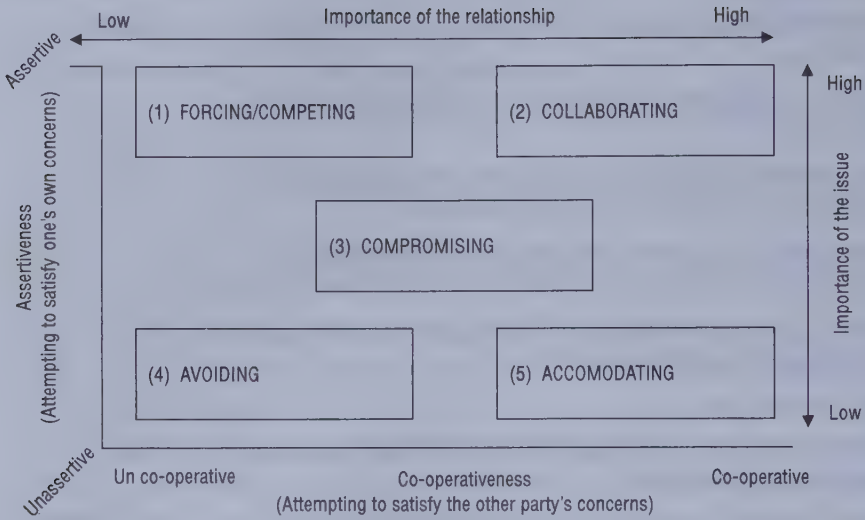
6.8	The correct answers are:	
	Distributive bargaining is an approach to negotiation concerned with joint problem solving.	False
	Distributive bargaining relates to the distribution of finite resources, not joint problem solving.	
	Conflict resolution aims to reduce resentment and preserve relationships by allowing both parties to obtain all of their desired outcomes.	False
	Conflict resolution aims to reduce resentment and preserve relationships by allowing both parties to obtain at least some , not all, of their desired outcomes.	
	Negotiation is a process whereby two parties come together to confer, with a view to concluding a jointly acceptable agreement.	True

6.9	The correct answers are:	
	After numerous discussions with the potential client, K is intending to secure a deal with the client at this meeting.	Purpose
	The potential client has a reputation for being a fierce negotiator and driving hard bargains.	Personalities
	As numerous discussions have already been held, few introductions will be required.	Pace
	A break-out room will be required for discussions between K and her team at various intervals.	Plan

6.10	The correct answers are:	
	• They consider a wide range of options. • They use emollient verbal techniques: 'would it be helpful if we...?' • They summarise on behalf of all involved. • They advance single arguments insistently and avoid long winded, multiple reason arguments.	
	John Hunt also identified the following characteristics of successful negotiators.	
	• They avoid direct confrontation. • They hold back counter proposals rather than responding immediately.	

6.11	The correct answers are:	
	• Purposeful persuasion • Constructive compromise	
	The process of negotiation involves two main elements: purposeful persuasion and constructive compromise.	
	Conflict resolution and problem solving are examples of situations that negotiation can be applied to.	
	Distributive bargaining and integrative bargaining are approaches to negotiation.	

6.12 The correct answers are:



6.13 The correct answer is: Integrative bargaining.

Aiming to find a 'win-win' situation which fulfils the needs of all parties as far as possible is an example of the integrative bargaining approach to negotiation.

The distributive bargaining approach to negotiation is related to the distribution of finite resources.

Purposeful persuasion is where each party attempts to persuade the other to accept its case, conflict resolution aims to reduce resentment and preserve relationships.

6.14 The correct answer is: Vertical.

Vertical conflict is a result of a power imbalance so occurs between different levels of the organisation. Trade unions tend to get involved in this type of conflict most often.

Horizontal conflict occurs between different departments in the organisation.

Diagonal conflict is a combination of vertical and horizontal.

Intergroup is similar to horizontal in that it occurs between people at the same level of the organisation, but conflicting parties can be in the same department.

6.15 The correct answers are:

- The setting of criteria for the selection and career advancement of all staff
- Encouraging flexibility in the treatment of all employees irrespective of their gender, race, age, disability, sexual orientation, religion or political affiliation
- Training managers in fair appraisal methods

Legislation must be followed regardless of whether it is 'supported' by the firm in question.

Just because an organisation claims something in its mission statement does not necessarily mean that it practices what it preaches.

6.16 The correct answers are:

- Fred discussing his grievance with a staff representative
- Abi retracting her threat of suspension
- Abi reporting the situation to her superior

It does not sound as though Abi has grounds to suspend Fred so this position may not be legally supportable. Likewise, it would not be appropriate for Fred to report Abi to the relevant professional body at this stage.

6.17 The correct answers are:

- They spend more time asking questions.
- They spend more time checking that they understand what the other party is saying.
- They spend more time summarising what is being said.

Making a lot of counter-proposals and justifications may make the other party in the negotiation feel like they are not being heard/considered and hinder the negotiation process as a consequence.

6.18 The correct answers are:

<i>Outcomes</i>	<i>Conflict handling strategies</i>
Additional conflict will occur with damage to the organisation and to one or both parties	Competition
A win, win situation	Collaboration
Suppression of interests will result in one party losing out and difficulties may still remain	Accommodation
Lack of effort to deal with causes of the conflict will mean that conflict is likely to recur	Avoidance
Both parties lose out and there may be a better solution if an alternative approach was taken	Compromise

7 Control and the finance function

7.1 The correct answer is:

Market control is the use of the **price mechanism** and related **performance measures**, internally and externally to control organisational behaviours. It is appropriate for use in **loose** organisational forms such as consortia and alliances.

7.2 The correct answer is:

The finance function has faced pressures to become more **actively** involved in business **operations**. Many finance functions have therefore re-focused their roles as business **partners**, adopting a more **commercial**, action-orientated approach.

7.3 The correct answers are:

- The finance function should add value to the organisation.
- Actual performance should be rigorously reviewed by the finance function.
- The finance function should challenge any results that are better than expected.

The finance function should seek to add, but not create value.

The creation of strategy, ideas and opportunities is the responsibility of operational departments, not of the finance function. Finance has a role in the assessment and validation of these ideas, rather than in their creation.

Actual performance should be rigorously reviewed by the finance function and any deviation from the expected results should be challenged. This includes challenging better, as well as worse, performance in order to minimise the risk of understatement.

7.4 The correct answers are:

The payroll process	Outsource
Delivery of the finished products to the customer	Outsource
Customer consultation and bespoke design of furniture	In-house
Build and manufacture of the furniture	In-house
IT support services	Outsource

The customer consultation, furniture design and building of the furniture are all related to the core competences of NT company and so should not be outsourced.

Payroll, delivery and IT support, however, are fairly simple and standardised processes that are not of strategic importance to NT company. These processes could easily be outsourced.

7.5 The correct answer is:

- The costs imposed by businesses on other people, not included in the cost of their products and activities

Externalities are the costs imposed by businesses on other people, not included in the costing of their products and activities. For example, it is recognised that industrial pollution is bad for health.

7.6 The correct answer is: Customer.

Pricing is a decision related to customers and the value they perceive the organisation to offer them.

The financial perspective is more concerned with traditional measures such as growth, profitability and shareholder value.

7.7 The correct answers are:

A professional accountant should be straightforward and honest in all professional and business relationships.	Integrity
A professional accountant should not allow bias, conflict of interest or undue influence of others to override professional or business judgments.	Objectivity
A professional accountant has a continuing duty to maintain professional knowledge and skill and should act diligently and in accordance with applicable technical and professional standards when providing professional services.	Professional competence and due care
A professional accountant should not disclose any information acquired as a result of professional and business relationships without proper and specific authority unless there is a legal or professional right or duty to disclose.	Confidentiality
A professional accountant should comply with relevant laws and regulations, and should avoid any action that discredits the profession.	Professional behaviour

7.8 The correct answer is: Intimidation threat.

As F is D's manager, D is likely to feel that there will be consequences to pay if he does not comply by processing the expense claim. D is therefore facing an intimidation threat.

7.9 The correct answer is:

Companies should have an audit committee consisting of **non-executive** directors, the majority of whom should be **independent**.

The audit committee should **review** the audit, and the independence and objectivity of the **auditors**.

7.10 The correct answer is: Day-to-day management of protégées.

A mentor should not be carrying out the day-to-day management of the protégée.

This is the role of the line manager.

The mentor should be more knowledgeable than the protégée. They should not be their direct line manager or supervisor.

7.11 The correct answer is: T's mentor.

T's mentor would be ideally placed to guide T on these matters by providing overviews of the organisation and organisation charts and explaining responsibilities of relevant members of staff.

7.12 The correct answers are:

To carry out risk assessments, generally in writing, of all work hazards at least once	False – this should be done on a continual basis
To introduce controls to prevent risks	False – risks can only be reduced, not prevented
To identify employees who are especially at risk	True
To provide information to employees about health and safety	True

7.13 The correct answer is:

- Organisations should use a 'traffic light' system on their balanced scorecard to help them prioritise their activities.

The balanced scorecard is a key tool that organisations can use to help them improve their performance. Consequently a traffic light system can be used to ensure the organisation focuses on areas that are hindering its overall performance.

The balanced scorecard helps the organisation monitor progress towards its strategy rather than helping to create it, and can be reported at any time the organisation requires rather than in line with the financial reporting periods.

Rather than increasing the number of performance indicators used, the balanced scorecard should help to redress the balance between financial and non-financial performance indicators and therefore improve the quality of them. Any subsequent increase will happen as a side-effect rather than being the primary purpose of the balanced scorecard.

7.14 The correct answers are:

No sharing of knowledge and best practice	Finance function embedded in business area
Lack the required local knowledge	Shared Service Centre
Higher risk of loss of control and quality	Business Process Outsourcing

If the finance function is embedded in a business area they will get to know that business well and make valuable contributions, but will lack opportunities to learn from other finance staff.

If the finance function is based in a SSC they will be able to share knowledge but will find it harder to build valuable relationships with the rest of the business, based on specific local knowledge.

If the finance function is outsourced, the business may find it hard to ensure that quality standards are maintained because they no longer control that process.

7.15 The correct answers are:

<i>Level in control hierarchy</i>	<i>Aspects of control</i>
Strategic	Setting and reviewing the organisational structure
Tactical	Setting of the production budget
Operational	Computerisation of inventory control

At the highest level, the organisational structure is set and reviewed for appropriateness.

At the mid level of the organisation more detailed control is required to manage the Strategic Business Units, such as the setting of budgets.

At the lowest level of the organisation very detailed controls should be in place, such as continual monitoring of inventory levels.



7.16 The correct answers are:

Departments	Manufacturing	Wages	Finance
Management Control Type	Output	Bureaucratic	Clan

This question tests your knowledge of control strategies. Output control refers to the control of the outcomes of processes eg, how much product is made, bureaucratic control to control through rules and procedures, clan control to control through corporate culture and shared behaviours. Personal control is a distractor ie, not a form of control.

7.17 The correct answer is: Organisations exist for the benefit of shareholders.

This view rejects the idea that the needs and opinions of other wider stakeholders should be taken into account.

A more progressive view sometimes referred to as the ecology model recognises that the needs and opinions of all stakeholders groups (both financial and non-financial) are valid.

The ecology model recognises that organisations exist within a wider environment and that there are many advantages to be gained from taking this approach.

8 Change management

8.1 The correct answer is: Adaptation.

Adaptation is the most common type of change. It does not require the development of a new paradigm and proceeds step by step. Adaptation is therefore the correct answer.

Reconstruction can also be undertaken within an existing paradigm, but requires rapid and extensive action. It is a common response to a long-term decline in performance.

Evolution is an incremental process that leads to a new paradigm. It may arise from careful analysis and planning or may be the result of learning processes. Its transformational nature may not be obvious while it is taking place.

Revolution is a rapid and wide-ranging response to extreme pressures for change. A long period of strategic drift may lead to a crisis that can only be dealt with in this way. Revolution will be very obvious and is likely to affect most aspects of both what the organisation does and how it does them.

8.2 The correct answers are:

Favourable contexts where

There is a lack of information/analysis

Initiators lack information to change & others have power to resist

People resist because of adjustment problems

Someone or some group will lose out and where that group has power to resist

Other facilities fail or are too expensive

Speed is essential and initiators have high power

Change strategies

Education and communication

Participation and involvement

Facilitation and support

Negotiation and agreement

Manipulation and co-option

Explicit and implicit coercion

8.3 The correct answers are:

- Downward adjustment to symbols of status such as a company car
- Questioning of an individual's frame of reference
- Raising concerns for security

Participation is a very powerful motivator so should not produce resistance to change.

A directive management style is expected and usually appropriate in a hierarchical organisation.

8.4 The correct answers are:

- Ageing of the company's infrastructure
- A new Chief Executive Officer begins work
- Industrial action by the workforce

The above are all internal factors.

A drop in the company's market share could be for any number of reasons eg, competitor action such as releasing a new, superior product.

Likewise a shift in exchange rates could be due to a government changing its monetary policy, or political unrest, or response to political unrest elsewhere.

8.5 The correct answers are:

Forces for change: Commitment of employees to the change
 Clear articulation of the vision for the future
 Encouragement and support from the top

Forces against change: Bureaucracy
 Traditional ways of working
 Command and control management style

8.6 The correct answer is: Elites relationships.

'Political mechanisms' is the collective term used when attempting to exert influence. It includes manipulation of resources, elites relationships, exploitation of subsystems and symbolic activity. The point is that understanding these factors could be advantageous to someone trying to effect change.

'Manipulation of resources' is the ability to control the allocation of resources (or even merely to influence their allocation).

'Exploitation of subsystems' is how a power base can be established by building up networks and alliances among those sympathetic to change.

'Symbolic activity' involves change managers utilising existing symbols and symbolic activities or challenging them, as appropriate.

8.7 The correct answer is: Evolution.

A change which is an incremental process that leads to a new paradigm. It may arise from careful analysis and planning or may be the result of learning processes. BMM is planning to change dramatically but over a number of years, so its transformational nature may not be obvious while it is taking place.

8.8 The correct answer is: Adaptation.

Wholesome will continue its business as usual, but start to offer a new service on top of what it already does. This is the most common type of change. It does not require the development of a new paradigm and proceeds step by step, hence is relatively low risk.



8.9 The correct answer is: Hijacked process of change.

Ritualisation of change is what happens when change programmes extend into the longer term. For example, changes to the NHS (the UK national healthcare system) made with every new government. There is a danger that organisation members will come to view the initiatives as mere ritual with little real significance.

Erosion. This means that the successful introduction of new initiatives may suffer erosion from the effects of other events and processes, as, for example, when high staff turnover hampers staff development.

Reinvention. Recalcitrant staff may reinvent the nature and implications of the change programme in a way that accommodates previous undesirable practices. This is a failure of monitoring and control.

8.10 The correct answer is: Uncontrolled efforts.

Ivory tower change occurs when change is imposed from the top down; its proponents may be seen as inhabiting an ivory tower, being out of touch with operational reality and lacking in credibility as a result.

Lack of attention to symbols. Occurs when change managers who pay insufficient attention to symbols can both fail to make the change relevant to the employees' day-to-day reality and succeed in sending the wrong messages.

Behavioural compliance. Apparent behavioural compliance may disguise lack of commitment. People may appear to comply with the changes, without actually 'buying into' them.

8.11 The correct answers are:

A change which is a rapid and wide-ranging response to extreme pressures for change. A long period of strategic drift may lead to a crisis that can only be dealt with in this way. It will be very obvious and is likely to affect most aspects of both what the organisation does and how it does them. Revolution

A change undertaken within an existing paradigm, but requiring rapid and extensive action. It is a common response to a long-term decline in performance. Reconstruction

The most common type of change. It does not require the development of a new paradigm and proceeds step by step. Adaptation

A change which is an incremental process that leads to a new paradigm. It may arise from careful analysis and planning or may be the result of learning processes. Its transformational nature may not be obvious while it is taking place. Evolution

8.12 The correct answers are:

- Preservation required
- Diversity of experience
- Capacity to undertake
- Readiness of workforce
- Power to effect

The preservation of some organisational characteristics and resources may be required.

Diversity of general experience, opinion and practice is likely to ease the change process: homogeneity in these factors is unlikely to do so.

Capacity to undertake change depends on the availability of resources, particularly finance, and information systems/information technology (IS/IT), and management time and skill.

The degree of workforce readiness for change will affect its success. Readiness may be contrasted with resistance to change, which can exist at varying levels of intensity and may be widespread or confined to pockets.

The power to effect change may not be sufficient to overcome determined resistance among important stakeholder groups. This can apply even at the strategic apex, where, for example, major shareholders, trustees or government ministers may constrain managers' freedom of action.

The others options are pertinent to change, but not in this context.

8.13 The correct answers are:

Identifying those forces resisting change.	Unfreeze
Staff participation to help create the necessary 'buy in' to the new status quo.	Change
Gradually making the move towards its desired end state.	Change
A significant amount of management time will be spent reinforcing the adoption by staff of the new processes.	Refreeze
Strengthening the position of those forces driving the need for change.	Unfreeze
The new state being embedded.	Refreeze

8.14 The correct answers are:

The nature of change will be: Incremental

The scope of change will be: Transformation

An evolutionary change is where a large amount of change happens, but it is done slowly, step by step.

8.15 The correct answer is: To get others to follow the change willingly.

This is the role of a leader.

To challenge things that are taken for granted. Their appointment also signals the importance of the change process. This is the role of an outsider.

To implement the change. This is the role of middle management.

Translation of the overall change strategy into forms suited to specific local contexts. This is the role of middle management.

To bring a fresh point of view and break down the constraints of the existing paradigm. This is the role of an outsider.

8.16 The correct answer is: Entrenched assumptions and habits of mind.

These must be challenged if change is to be achieved.

Routines are the habitual behaviours that members of the organisation display both internally and externally. These can subvert change efforts rather than help them.

Symbolic processes are visible things which can be used as levers of change. The significance of a given symbol may vary from person to person; this makes their use as a tool of change management difficult.

8.17 The correct answers are:

- High levels of uncertainty – employees may wish to stick to what they know.
- Increase in workload – each employee would have to manage the change as individuals in addition to their normal everyday tasks.
- Sense of embarrassment – a change may imply they were not doing a good job previously.
- Rapid change – this may mean that employees have no time to understand what is happening or prepare.
- Loss of autonomy – being forced into changing something without being consulted may leave employees feeling helpless.
- Lack skills and competence – this may mean that employees are simply unable to effect the change.

8.18 The correct answers are:

- Attention to target markets – becoming customer orientated.
- Communication with stakeholders – to gain key stakeholder support.
- Crisis stabilisation – using measures to increase revenue and reduce costs.

Consistent financial structure is not needed here because financial restructure is actually usually what is needed to provide cash for investment.

Maintaining the same management team would not help a business turnaround as it is likely that new managers will be required with experience of turnaround and other paradigms.

9 Introduction to project management

- 9.1 The correct answer is: Increase resources and maintain quality.

Of course, the above is based on an ideal scenario where more resources are available. In real life this is unlikely to be the case.

It will be hard to maintain or increase quality if resources are reduced, and there is no need to increase quality.

- 9.2 The correct answer is: Managing stage boundaries.

This stage ensures that one stage is properly completed before the next one begins.

Initiation is the stage where scope and objectives are agreed.

Managing product delivery ensures that work done by specialists is completed to the proper standard.

Project assurance is a distractor.

- 9.3 The correct answer is: 3 days.

If the earliest start time is 5 days and the latest finish time is 22 days, you have 17 days in which to complete the project (22-5). If the work takes 14 days, that means you have 3 days spare (17-14).

- 9.4 The correct answer is: Reduce.

This will decrease the instances of the risk occurring. Even if the impact of the risk is not large, it will consume resources if it keeps happening.

Transference is appropriate where a risk cannot be reduced and will have a significant impact on the project.

Avoidance is appropriate if Bethan can take steps to stop the risk from occurring at all.

Acceptance is appropriate where a risk will only have a small impact on the business and cannot realistically be managed.

- 9.5 The correct answers are:

<i>Activity</i>	<i>Stage in project lifecycle</i>
Project Feasibility	Initiation
Testing	Execution
Identifying project risk	Initiation
Audit of deliverables	Project closure
Setting milestones and control gates	Planning
Specifying project scope	Initiation
Cost breakdown structure	Planning
Exception reporting	Execution

At the initiation stage, the project manager will be concerned with setting scope and objectives, and getting an initial sense that the project could succeed.

At the planning stage the detailed planning work will be done in terms of specific activities and what order they should be done in, plus detailed costing.

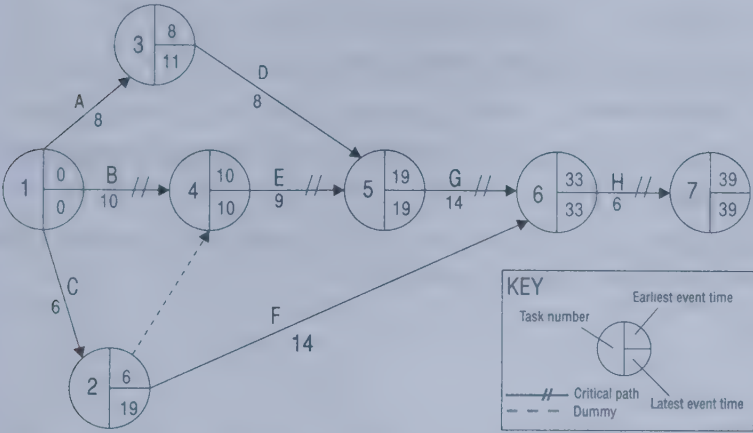
At the execution phase the project manager will be controlling the project, trying to keep it on track.

At the closing phase, the project manager will be looking to see that the project was completed on time and within budget, and to see what lessons can be taken forward.

9.6 The correct answer is: The overall expected duration of the project is 39 weeks.

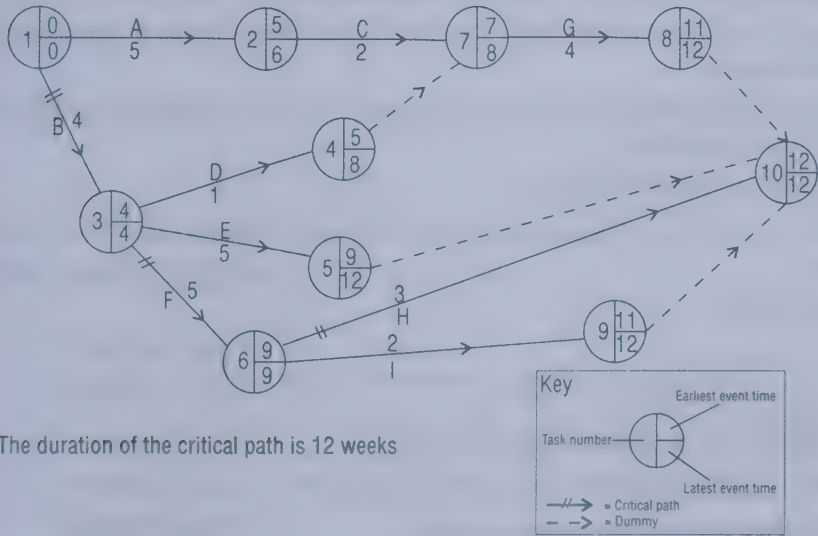
$$BEGH = 10+9+14+6 = 39 \text{ weeks}$$

Activity-on-line style



9.7 The correct answer is: 12 weeks are needed for the critical path B-F-H.

Activity-on-line style



The duration of the critical path is 12 weeks

9.8 The correct answers are:

- Teambuilding**
 The work is carried out by a team of people often from varied work and social backgrounds. The team must 'gel' quickly and be able to communicate effectively with each other.
- Expected problems**
 Expected problems should be avoided by careful design and planning prior to commencement of work.
- Unexpected problems**
 There should be mechanisms within the project to enable these problems to be resolved quickly and efficiently.
- Delayed benefit**
 There is normally no benefit until the work is finished. The 'lead in' time to this can cause a strain on the eventual recipient who is also faced with increasing expenditure for no immediate benefit.

- Potential for conflict

Projects often involve several parties with different interests.

This may lead to conflict.

9.9 The correct answer is: Project scope.

A project scope states what is included and what is not in a project.

9.10 The correct answer is: Feasibility analysis.

This looks at whether a proposed project can achieve its objectives in a cost-effective manner.

9.11 The correct answer is: Initiation.

Project scope is all the things that have to be achieved if the project is to succeed. This should be done at the beginning of the project lifecycle when the project is being initiated.

9.12 The correct answers are:

- PERT
- Buffering
- Scenario Planning

PERT assesses how much work is done in comparison with how much work is remaining.

Buffering is building in slack time in order to ensure that a project finishes 'on time' if there is slippage.

Scenario planning helps the project manager know what to do should any of a number of different scenarios arise – including slippage.

Financial and economic feasibility could reasonably be considered similar – concerning the profitability of the project rather than its timescales.

SWOT analysis relates to strategic management.

Work breakdown structure is about the activities that need to take place during the project, not necessarily their duration.

9.13 The correct answers are:

Type of feasibility

How will waste products be disposed of safely?	Ecological feasibility
How much disruption will the building of the plant cause?	Social feasibility
What is the likelihood of the local community objecting to the project?	Social feasibility
Are the manufacturing processes and equipment available?	Technical feasibility
What pollution could be caused by the project?	Ecological feasibility
What is included in the costs of the project?	Economic feasibility

Ecological feasibility concerns a company's impact on its environment, social feasibility the impact of a strategy/project on its stakeholders, technical feasibility whether something is possible at all, and economic feasibility, financial considerations such as costs and profitability.

9.14 The correct answer is: True.

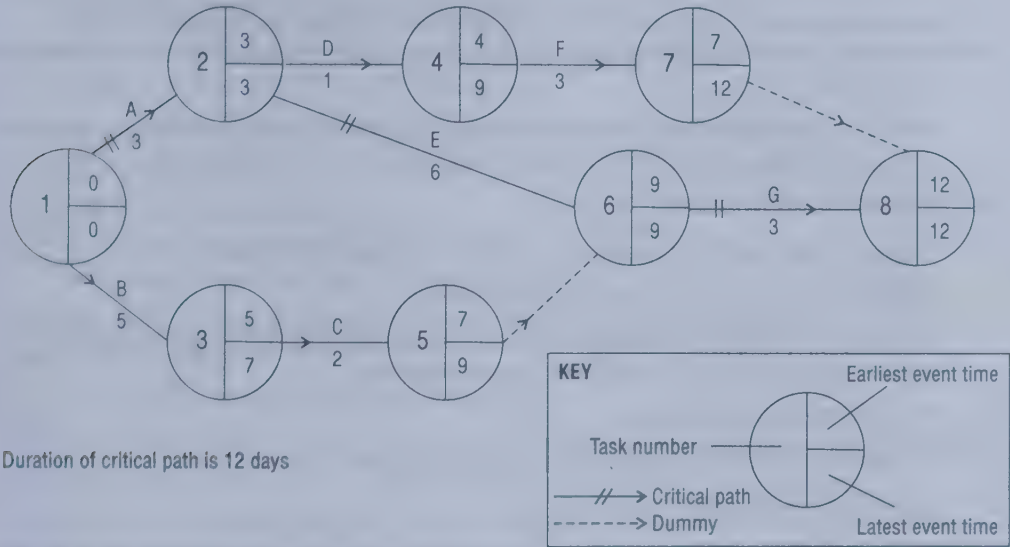
If these times are different, that means that slack has been added to the end of the project and the team could waste time before signing off.

9.15 The correct answers are:

- Network Analysis is used to analyse the interrelationship between project tasks
- Buffering incorporates risk by adding in slack into risky activities
- PERT assists with risk in project time planning
- Gantt Charts are a graphical representation of project activities

9.16 The correct answer is: Duration of critical path is 12 days.

Activity-on-line style



Duration of critical path is 12 days

10 The project team

10.1 The correct answer is: Norming.

At the norming stage there is agreement about work sharing and individual output.

Before the norming stage come the forming and storming stages. The former is characterised by unclear objectives and team members getting to know each other, as well as hesitance to put forward ideas because team member are unsure about others' reactions. The latter is characterised by conflict and possibly changes in previously agreed objectives.

Following the norming stage the members will enter the performing stage, where tasks are being performed competently and efficiently.

10.2 The correct answer is: Forming

When the make-up of the team changes, the team should go back to the forming stage in order for members to get to know each other.

When the task the team is doing changes, the team will go back to the storming stage as they debate how to go about it.

10.3 The correct answers are:

- The Abilene Paradox
- Group think
- Conformity
- Role ambiguity

The other items are benefits of team working.

10.4 The correct answer is: A team has a common purpose, a group does not.

A team is defined as 'a small number of people with complementary skills who are committed to a common purpose... for which they hold themselves mutually accountable'. (Katzenbach and Smith, 1994).

10.5 The correct answer is: Provides and is accountable for the resources invested in the project.

Communicating the vision of the project within the organisation is the role of the project champion, the project manager is responsible for delivering the project on time; the project board represents the interests of the project sponsor.

10.6 The correct answer is: Adjourning.

Adjourning is where the group sees itself as having fulfilled its purpose, and there is a process of disconnecting from the task and group – because there will have to be a renegotiation of aims and roles for the new task.

Dorming is where a group grows complacent about performance. Norming is a much earlier stage in the cycle, where the group reaches agreement about work methods, roles and behaviours.

10.7 The correct answer is: Shaper.

The Shaper is the 'dynamo' of the team: one of the forms of leadership in Belbin's model.

The Plant is the ideas person and creative problem-solver.

The Co-ordinator is the chairperson, clarifying goals, delegating, promoting decision-making. The Implementer is the person who turns ideas into practical actions.

10.8 The correct answer is: Performing.

The team is executing its task and the team briefing is dealing with progress to date.

10.9 The correct answer is: Unity of command.

Matrix organisation is based on dual command: the classical principle of unity of command is 'one person, one boss'.

10.10 The correct answer is: Dual authority.

Dual authority may lead to conflict between the managers involved.

The advantages of such a structure are:

- Greater flexibility
- Improved communications
- Employee motivation

10.11 The correct answer is: Keep informed.

Local nature appreciation groups would have high interest (due to potential environmental impacts) but relatively low power: because of their high interest, though, they might be able to band together or lobby to increase their power.

So a 'keep informed' strategy is appropriate to try to prevent them becoming a key player by campaigning to local government representatives or government bodies such as the Environment Agency.

10.12 The correct answer is: Storming.

This is the storming stage, as identified by Tuckman. During this stage, conflict can be quite open. Objectives and procedures are challenged and risks are taken. However, there is a considerable amount of enthusiasm within the group and new ideas emerge. So too do political conflicts, as leadership of the group becomes an issue. This appears to be the situation described in the question.

10.13 The correct answer is:

Mendelow proposed classifying stakeholders in terms of their level of **interest** in a strategy/project and their **power** to influence it.

10.14 The correct answers are:

Someone to control and organise the group's activities

Co-ordinator

Someone to chase and ensure deadlines are met

Completer-finisher

Someone to support other team members and diffuse potential conflict situations

Team Worker

10.15 The correct answers are:

- Adopt an appropriate leadership style for managing change
- Understand the overall strategic objectives of the project
- Be sensitive to the environmental and organisational contexts of the change

By only using formal means of communication the project manager could make themselves less available and miss opportunities to demonstrate good management skills.

A change driven entirely from the top is lacking participation which is a powerful motivator.

10.16 The correct answers are:

- Coordinates project activities
- Provides leadership for the project team
- Responsible for successful delivery of project objectives

The project plan is approved by the project sponsor who also provides the necessary resources. The project owner initiates the project.

10.17 The correct answer is: Its effect on project team motivation.

Team members may work for individual rewards, rather than contributing to the group, especially since there is a problem offering rewards for less measurable criteria such as team-work.

Communication is impacted by PRP because senior management will have to set targets in line with the organisation's key objectives, so they will have to communicate these across the organisation so that employees can understand what they are working hard for.

You may have hesitated over the option about relating to wage and salary grades, but this is a benefit because PRP is a way of rewarding employees when there is no other way to do so (eg because they have reached the top of the salary/wage range their position is eligible for).

10.18 The correct answer is: Completer-finisher.

The key words in the question were 'keen eye for detail', 'always meets deadlines' and 'reluctant to involve others'. These phrases are typical characteristics of a completer-finisher.

10.19 The correct answer is: High interest, low power.

The stakeholder may not have the power to disrupt the organisation's strategy but by keeping them informed will ensure the organisation's legitimacy remains intact.

10.20 The correct answer is: Project sponsor.

The project sponsor provides and is accountable for the resources invested into a project and is responsible for the achievement of the project's business objectives.

10.21 The correct answers are:

- Trade union's membership increases amongst the employees of an organisation
- The IT department recruits more IT specialists to accommodate a company's decision to sell all its products online.
- A supplier wins a contract to be sole supplier of one of the company's competitors



These stakeholders all experience an increase in their power because their claim on the organisation's resources have gone up (in the case of the trade union and the IT department) or their use of resources have become more critical (in the case of the supplier).

The shareholder group has increased its interest but not its power.

If a department's budget has been reduced its power is reduced.

10.22 The correct answer is:

- Level of interest
- Level of power

The level of knowledge of a stakeholder group and their level within an internal hierarchy may affect its power and interest but they were not proposed by Mendelow in his matrix.

10.23 The correct answer is: Tells.

This is a tricky question. The characteristics of the project staff are such that a consultative or even democratic style might be recommended. However, the time and quality constraints mean that the project manager is likely to have to exercise firm control on occasion. This would probably be best done in a persuasive style. The conclusion is that the autocratic style will probably be of least use.

Practice mock questions



Questions

1 What type of change occurs where the extent of the change is realignment and the nature of the change requires a rapid response?

Select the most relevant option.

- ☐ Evolution
- ☐ Reconstruction
- ☐ Adaptation
- ☐ Revolution

2 There are seven steps taken on a cyclical basis as stages in developing a Management by Objectives programme.

Write the following terms in the boxes, to show the stage that they relate to in developing a Management by Objectives programme.

- (a) Period review of performance
- (b) Define corporate objectives
- (c) Collaboratively define job tasks and responsibilities
- (d) Agree individual performance improvement plans
- (e) Agree and set specific task objectives
- (f) Establish system of monitoring, self-evaluation and review of performance against objectives
- (g) Agree and set specific key results

(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	

- 3 Organisations have a number of different options in how they position the finance function and each has its own advantages. **Write each of the finance structures against the description of the drawbacks in the blank boxes below.**

It may become difficult for trainee management accountants to progress from back office roles via analysis roles to business partnering.

Improvement in quality through knowledge sharing.

Flexible services are provided to meet the changing demands in the market.

(a)

Finance function
embedded in
business area

(b)

Business Process
Outsourcing

(c)

Shared Service
Centre

- 4 According to psychological research on group development by Bruce Tuckman, members will, at which stage in the process of group formation, be wary about introducing new ideas?

Select the most relevant option.

- ☐ The storming stage
- ☐ The forming stage
- ☐ The norming stage
- ☐ The performing stage

- 5 Which THREE of the following statements about staff appraisal are TRUE?

- ☐ They allow the employee and their assessor to discuss and agree on personal objectives
- ☐ Reports on employees should be made out in writing and at annual intervals
- ☐ They provide a system on which salary reviews and promotions can be based
- ☐ They lead to improvements in performance
- ☐ Written reports should be objective
- ☐ There should be no need to follow-up after the interview has taken place
- ☐ Assessments should not be discussed with the person assessed
- ☐ The subjective element in such systems should be entirely eliminated

- 6 ABC Co bases its competitive advantage through adapting to its external environment.

This approach is referred to as:

Select the most relevant option.

- ☐ The positioning approach
- ☐ The ecological approach
- ☐ The resource-based approach
- ☐ The outside-in approach

- 7 Mr R is the Project Manager for an IT project which has the objective of improving the functionality of the payroll system to incorporate time and attendance reporting and hold complete human resource (HR) appraisal and training records for each employee. The launch of the new payroll system has been scheduled for two months' time. A new HR Director has just joined the company and at a recent review meeting it was evident to Mr R that the new HR Manager did not feel the HR aspect of the system was fit for purpose.

Which of the following options should Mr R choose to ensure the project meets its objectives when delivered in two months' time?

Select the most relevant option.

- ☐ Maintain quality and reduce resources
- ☐ Increase resources and increase quality
- ☐ Reduce resources and increase quality
- ☐ Increase resources and maintain quality

- 8 According to PRINCE2 methodology which process is undertaken to ensure that any given stage of the project remains on course:

Select the most relevant option.

- ☐ Directing a project
- ☐ Starting up a project
- ☐ Initiating a project
- ☐ Planning
- ☐ Controlling a stage
- ☐ Managing stage boundaries
- ☐ Managing product delivery
- ☐ Closing a project

- 9 In comparison with qualitative research, quantitative research is associated with which THREE of the following?

- ☐ Observation of the way customers use products
- ☐ Review of competitors' operating statements
- ☐ Comparison return on investment achieved with that for competitors
- ☐ Determine levels of customer satisfaction by reviewing the speed of complaint resolution
- ☐ Use of online surveys to collect data from website visitors
- ☐ Use of tools such as Google analytics to collect data from website visitors



10 Identify **THREE** elements of effective internal control from the alternatives:

- ☐ Access to financial data
 - ☐ A range of control activities
 - ☐ Ensures full access to customer data
 - ☐ No need to track performance against budgets
 - ☐ Monitoring the continuing effectiveness of the system
 - ☐ A strong control environment
-

11 Consider a young Swedish engineering student taking a year out of university to gain work experience at a large car manufacturing plant in China.

Which **THREE** of the following spheres of culture will the student be influenced by?

- ☐ Ethnic group
 - ☐ Gender
 - ☐ Social class
 - ☐ Profession
 - ☐ Type of business
 - ☐ Organisational
-

12 Calculate the float time for a project activity if the earliest start time is day 3, the latest finish time is day 21, and the total time needed for the work is 15 days.

Write your answer to the nearest whole day.

13 Café X is a local farm shop dedicated to using local, organic produce and providing a high level of service to customers eating in the café or when buying produce from the shop. The chef is always available to provide customers with advice on how to cook and serve the produce bought from the shop. Café and shop staff are given the opportunity to take part in a local hospitality apprenticeship scheme.

Where in the value chain is Café X adding value?

Select the most relevant option.

- ☐ Inbound logistics – Marketing and Sales – Technology Development – Firm Infrastructure
 - ☐ Inbound logistics – Operations – After Sales Service – Human Resource Management
 - ☐ Procurement – Operations – After Sales Service – Human Resource Management
 - ☐ Procurement – Operations – Marketing and Sales – Human Resource Management
-

14 Which **THREE** of the following represent a barrier to communication?

- ☐ Encoding
 - ☐ Informal communication
 - ☐ Perceptual selection
 - ☐ Jargon
 - ☐ Selective Reporting
-

15 Project Manager P has identified a number of risks associated with the project to upgrade and relaunch the company website. One of the risks relates to the capture of customer payment details, as it has just been discovered that the proposed software package does not meet banking security criteria.

Which risk management strategy should be used to manage the risk?

Select the most relevant option.

- ☐ Transfer
- ☐ Avoid
- ☐ Reduce
- ☐ Accept

16 Write the stage in the project lifecycle beside each of the activities to which it applies:

Completing tasks according to the schedule	
Ensuring the project meets the goals	
Setting project goals and objectives	
Recruiting the Project Manager	
Measuring project progress	

- (a)
- (b)
- (c)
- (d)
- (e)

- 17 Pharmaceutical Company A has had a patent over a popular aspirin-alternative for the last 30 years. The patent is about to expire worldwide and a major competitor has just completed work on a new manufacturing facility in China. With reference to Porter's five forces model, determine the level of threat from new entrants and substitute products.

Write the correct levels into the boxes below:

Threat of new entrants

Threat of substitutes

(a) High

(b) Medium

(c) Low

-
- 18 Which of the following is NOT a project constraint?

Select the most relevant option.

- ☐ Financial
- ☐ Legal
- ☐ Ethical
- ☐ Planning
- ☐ Time
- ☐ Quality
- ☐ Politics
- ☐ Externalities

-
- 19 Company X and Company Y produce the same homogenous product but are based in different countries within the same region of the world.

According to Kotler, what type of competitor are they?

Select the most relevant option.

- ☐ Brand
- ☐ Industry
- ☐ Generic
- ☐ Form

20 The Human Resources Director at RSJ Construction is disappointed with the results of a recent employee survey. The survey was conducted by a third party to ensure confidentiality, but only 150 of the 1000 employees responded. Of those participating, high satisfaction scores were awarded for clarity of company policies and relationships with colleagues. Low satisfaction scores were awarded for quality of supervision and opportunities to advance in the company.

Which of the following should be the focus of the immediate corrective action by RSJ?

Select the most relevant option.

- ☐ Introducing a new bonus scheme
- ☐ Introducing a new leadership development programme
- ☐ Introducing a new appraisal system
- ☐ Introducing a training programme for existing managers

21 There are typically three main types of network organisation seen in the business context. Match the type of network organisation with the definition:

- A network integrator outsources heavily to other companies.
- A large company has separate units acting as profit centres.
- A central company outsources some work to others.

- (a)
- (b)
- (c)

22 There are six different types of asset specificity identified by Transaction Cost Theory.

For each statement select the box according to whether the statement is TRUE or FALSE.

	True	False
(a) Temporal specificity arises from an ability that is constrained to a given time, such as a landing slot at an airport	☐	☐
(b) Dedicated asset specificity arises from unique physical properties, such as rare mineral deposits	☐	☐
(c) Physical asset specificity arises in a man-made asset that has only one application	☐	☐
(d) Human asset specificity arises from skills or knowledge that are relevant to the requirements of a single organisation	☐	☐
(e) Brand name specificity is brand equity that is not susceptible to brand extension: that is, the value of the brand will deteriorate if it is spread over too many products	☐	☐
(f) Site specificity arises from location	☐	☐

23 Which of the following is a limitation of Gantt charts when used for more complex projects?

Select the most relevant option.

- ☐ Do not help estimate resources required.
- ☐ Do not display the time relationship between tasks.
- ☐ Do not indicate the need for resources to be co-ordinated.
- ☐ Do not indicate the time required to complete each task.

24 The main difference between a project milestone and a control gate is that a project milestone is a key point in the project lifecycle that allows a review of project progress to determine whether to continue or terminate the project, whereas a control gate defines a key event that needs to be completed.

Is this statement TRUE or FALSE?

- ☐ True
- ☐ False

25 Which FOUR of the following are types of strategic control?

- ☐ Tactical
- ☐ Measured
- ☐ Premise
- ☐ Special alert
- ☐ Vision
- ☐ Implementation
- ☐ Surveillance

26 Management control takes place at a variety of levels within an organisation. Write each of the strategies listed below next to the appropriate level in the control hierarchy.

- Decision to compete by offering a wider range of product
- Decision to invest in new plant
- Decision to limit the activities of the business to a single market

Corporate

Business

Functional

(a)

Decision to compete by offering a wider range of products

(b)

Decision to invest in new plant

(c)

Decision to limit the activities of the business to a single market

27 Which of the following is FALSE in respect of unique resources and supporting organisational competitive advantage?

Select the most relevant option.

- ☐ Must enable the organisation to take advantage of opportunities and help reduce its own internal weaknesses
- ☐ Competitors are unable to obtain the unique resource possessed by an organisation
- ☐ Can be substituted by a similar resource
- ☐ Competitors do not possess the same resources

28 Functional strategy is concerned with which TWO of the following?

- ☐ Setting product pricing
- ☐ Recruitment of factory managers
- ☐ Meeting with new suppliers
- ☐ Meeting with existing suppliers
- ☐ Setting the marketing budget
- ☐ Scheduling employee shifts
- ☐ Dealing with customer complaints

29 As the project has progressed, friction between team members has meant that two operational managers have gone back to their business roles and they have been replaced with two new business users. Mr A is a marketing analyst who is very focused on problem solving but lacks the drive to get involved in the solution detail, whilst Mr B is painstakingly conscientious and delivers detailed solutions of high quality.

Using the list of options write the relevant team roles that the new team members fulfil in the boxes below.

Mr A	
Mr B	
(a)	Plant
(b)	Monitor-evaluator
(c)	Completer-finisher
(d)	Specialist
(e)	Implementer

30 The bargaining power of customers is increased by which FIVE of the following:

- ☐ High volume purchases
- ☐ Homogenous products
- ☐ Low industry cost of switching supplier
- ☐ Supply of specialised products
- ☐ Ability to bypass the supplier
- ☐ Newly recruited purchasing staff
- ☐ Focus on quality
- ☐ Focus on cost

31 Conflict can occur at many different levels with an organisation.

Determine which of the following causes of conflict will result in horizontal conflict, and which will result on vertical conflict:

	<i>Horizontal</i>	<i>Vertical</i>
(a) Use of an integrated computer system	☐	☐
(b) Operating separate bonus schemes for the sales force, administrative staff and management	☐	☐
(c) Increase in staff union membership	☐	☐
(d) Reduction in headcount across the organisation	☐	☐
(e) Staff managers encroaching on the roles of line managers	☐	☐

32 Oaktree Furniture Co has operated successfully for 30 years, with a skilled and stable sales force. Recently the company performance has begun to suffer and the sales force is being asked to explain the drop in sales and the logic behind their current strategy. At the recent team meeting, none of the sales force was prepared to justify the strategy, individually saying they did not believe in it even though nobody opposed the strategy when it was introduced.

What type of group problem is the sales force team experiencing?

Select the most relevant option.

- ☐ Risky shift
- ☐ Social facilitation
- ☐ Conformity
- ☐ The Abilene Paradox
- ☐ Groupthink

- 33 An organic ready-meal manufacturer has developed an exclusive range of meals for a national supermarket chain. A consumer has allegedly found some glass in one of the meals and has gone straight to the media about the poor quality of the supermarket own brand. The supermarket has initiated legal proceedings against the manufacturer due to loss of reputation. The manufacturer's legal counsel has advised that they accept responsibility and agree an out-of-court settlement.

Which type of conflict handling strategy is being recommended?

Select the most relevant option.

- ☐ Avoiding
 - ☐ Accommodating
 - ☐ Competing
 - ☐ Compromising
 - ☐ Collaborating
-

- 34 Which of the following is NOT a cultural element identified by McKinsey's 7 S model?

Select the most relevant option.

- ☐ Style
 - ☐ Skill
 - ☐ Salary
 - ☐ System
 - ☐ Strategy
 - ☐ Shared values
 - ☐ Staff
-

- 35 The Management Accountant of a small retail chain has identified a number of areas for potential cost saving across the network of stores. He has highlighted this to the Supply Chain Director and requested a meeting to discuss this further.

What type of communication channel is the Management Accountant using?

Select the most relevant option.

- ☐ Horizontal
 - ☐ Diagonal
 - ☐ Vertical
 - ☐ Intergroup
-

Write the appropriate word chosen from the list below to complete the sentences.

Persuasion " _____ " influence as it is always of a direct and " _____ " nature. Persuasion is aligned to a particular objective which can only be achieved by " _____ " the support of others. Persuasion is not the same as " _____ " a person to do something, as it focuses on reaching agreement.

(a) commanding

(b) is similar to

(c) deliberate

(d) requesting

(e) differs to

(f) thoughtless

(g) gaining

37

A new pricing model is due to be introduced to the sales teams across Europe. Year-end is in one month, and at the recent project review meeting the project manager has identified that the project is behind where it needs to be for the pricing structures to be ready for release for the start of the new financial year.

Which option should the project manager use to deal with the slippage?

Select the most relevant option.

- ☐ Do nothing
- ☐ Add resource
- ☐ Introduce incentives
- ☐ Re-plan
- ☐ Reschedule
- ☐ Change the specification

38 Listed below are some possible considerations identified by a finance manager when performing a SWOT analysis as part of the annual strategic review of the business. Match the terms listed below by writing them in the correct quadrants of the blank SWOT boxes presented.

	Strengths	Weakness
	Opportunity	Threats
(a)	Loyal customers	
(b)	Competitors have launched a new advertising campaign	
(c)	Downturn in economy may mean people are spending less	
(d)	Currently struggling to meet deadlines	
(e)	Reputation for innovation	
(f)	Good relationship with customers	
(g)	Similar products on the market are not as reliable or more expensive	

39 A common failure of project implementation is the resistance to change amongst the existing workforce.

Which of the following is NOT usually a reason for resistance?

Select the most relevant option.

- ☐ Introduction of new technology
 - ☐ Loss of autonomy
 - ☐ Rapid change
 - ☐ Structured training programmes
-

40 **Which FIVE of the following are styles used by strategic leaders when acting as change agents?**

- ☐ Transformational
 - ☐ Control
 - ☐ Transactional
 - ☐ Change
 - ☐ Human assets
 - ☐ Strategy
 - ☐ Expertise
-

41 Company A and Company B are both due to launch new products to the market. Company A feels the economic downturn means that customers have less disposable income and so launch their product at a low price initially. Company P feels that the economic downturn has made customers appreciate affordable luxuries and so launch their product at a high initial price to reflect a premium status.

Which of Mintzberg's strategic roles is described?

Select the most relevant option.

- ☐ Plan
 - ☐ Pattern
 - ☐ Ploy
 - ☐ Position
 - ☐ Perspective
-

42 Complete the phrase by writing the appropriate word from the list below.

are high-level organisational goals.

help you understand if you're accomplishing you're your objectives strategically.

are key action programmes developed to achieve your objectives.

typically arise from review meetings, and are tasks delegated to one person or a small team.

(a)

Measures

(b)

Objectives

(c)

Initiatives

(d)

Action items

43 BudgetAir is a low cost airline operating across Europe. After five successful years, the Managing Director has decided to move on to new challenges, and the new Managing Director has arrived with lots of different strategic ideas on how to run the business. The first task for the senior management team is to implement a Balanced Scorecard approach.

Match the Balanced Scorecard headings by selecting each of the objectives listed below:

	Financial	Customer	Internal	Learning and growth
Comparable to other travel	☐	☐	☐	☐
High utilisation	☐	☐	☐	☐
Good locations	☐	☐	☐	☐
High employee ownership	☐	☐	☐	☐

44 Mendelow developed a model to indicate how to manage stakeholder groups based on their levels of power and interest. Link the strategies listed below to each of the Mendelow Matrix quadrants by writing the appropriate term into the blank boxes provided.

The organisation can influence the opinions and behaviours of the group.

A focus on education is used to avoid groups increasing their level of influence over the organisation.

Regular communications reassure and explain the consequences of the organisation's plans.

Allow the group to actively participate in the organisation's activities that affect them.

(a)

Key player

(c)

Kept satisfied

(b)

Kept informed

(d)

Minimal effort

- 45 The IT Director has worked for the organisation for 20 years and is known to be a fair manager, ensuring his staff are rewarded with performance related pay rises each year. A new Marketing Director has recently been appointed to the board and the IT Director has noticed the immediate impact the new director has had, with staff at all levels across the organisation readily doing additional pieces of work for him.

Which type of power is it likely that the Marketing Director is utilising that the IT Director does not have?

Select the most relevant option.

- ☐ Coercive
- ☐ Reward
- ☐ Legitimate
- ☐ Expert
- ☐ Referent
- ☐ Negative

- 46 Staff authority is the authority one manager or department may have in giving specialist advice to another manager or department, over which there is no line authority. There are inevitable tensions involved in asserting staff authority. **Match the problems below with the possible solutions by writing the appropriate response in the blank boxes provided.**

Problem

Possible Solution

Expert managers may lack realism, going for technically perfect but commercially impractical solutions

Middle line managers may be more senior in the hierarchy

Expert managers may lack responsibility for the success of their ideas.

(a)

Expert managers implement suggestions, sharing accountability

(b)

Use of functional authority

(c)

Expert managers monitor operational issues, updating the middle line

- 47 **Which of the following is NOT an advantage of written formats of communication?**

Select the most relevant option.

- ☐ Focus on personal interactions and relationship building
- ☐ Enable confidentiality
- ☐ Provide subsequent reference for information and agreements
- ☐ Provide legally acceptable evidence
- ☐ Focus attention of sender and receiver

- 48 Which **THREE** of the following are examples of an integrity-based approach to the management of ethics in organisations?
- ☐ Employees are issued with a set of company rules of behaviour
 - ☐ Infringements of ethical codes are subject to disciplinary action
 - ☐ Ethical objectives are identified in the mission statement
 - ☐ A whistle-blowing helpline is available to all staff, customers and suppliers
 - ☐ Based on the communication of clear guidelines
 - ☐ Establishment of an ethics committee

49 Sandeep has just joined the finance team of Iceberg City, a new restaurant chain based in city centres across the county. Following a rigorous interview and selection process, she felt she had a good idea of the organisational culture before she joined. However, by the end of her first month she has identified several aspects that she was not previously aware of.

Which **FOUR** of the following would Sandeep been aware of before joining the company?

- ☐ The technology available within the organisation
- ☐ The company code of ethics
- ☐ The company statement of values and beliefs
- ☐ Employee attitudes
- ☐ Departmental structure
- ☐ Informal employee networks

50 Match the level of assertiveness with the importance of the relationship for the conflict handling strategies listed below by writing the appropriate response in the blank boxes.

Conflict handling strategies

Level of assertiveness and importance of the relationship

High: Assertiveness/Low: Importance placed on the relationship

Low: Assertiveness/Low: Importance placed on the relationship

High: Assertiveness/High: Importance placed on the relationship

- (a) Competing
- (b) Avoiding
- (c) Collaborating

- 51 Sally is the Project Manager at an IT consultancy. Due to the high performance of the team she leads, her team has been kept together for several years, outperforming expectations on each project they undertake. However, the latest project has run into several serious problems, and the customer will not sign off on completion as they are unhappy with some of the solutions that have been implemented and feel a better solution could have been found.

What type of group problem is Sally's team experiencing?

Select the most relevant option.

- ☐ Risky shift
- ☐ Social facilitation
- ☐ Conformity
- ☐ The Abilene Paradox
- ☐ Groupthink

- 52 Team members should be selected for their potential to contribute to getting things done and establishing good working relationships.

This may include which FOUR of the following?

- ☐ Specialist skills
- ☐ Interesting hobbies
- ☐ High academic achievement
- ☐ Blend of personalities
- ☐ Access to resources
- ☐ Power in the wider organisation

- 53 **Which FOUR of the following are types of competitor?**

- ☐ Relative
- ☐ Target
- ☐ Brand
- ☐ Adaptive
- ☐ Industry
- ☐ Generic
- ☐ National
- ☐ Form

- 54 **Which THREE of the following are examples of barrier to entry?**

- ☐ New distribution channels developed
- ☐ Introduction of government subsidies for the industry
- ☐ A high level of fixed costs
- ☐ Homogenous products
- ☐ New technologies developed to improve production efficiencies
- ☐ A few firms may promote a large number of brands
- ☐ High switching costs

- 55 Mary is the Project Manager for the implementation of a new Customer Relationship Management system. In preparation for her Project Status Review meeting with the Project Sponsor, she has been reviewing the tasks completed in relation to the schedule, and allocating resources to the next set of tasks to be achieved.

Which stage of the project life cycle is the project currently operating in?

Select the most relevant option.

- ☐ Initiation
- ☐ Planning
- ☐ Execution
- ☐ Control
- ☐ Closing

- 56 Consider a university professor, originally from a small mining village in Wales, who takes a once-in-a-lifetime five-star holiday in New York.

Which FOUR of the following spheres of culture will he be influenced by?

- ☐ Ethnic group
- ☐ Gender
- ☐ Social class
- ☐ Profession
- ☐ Type of business
- ☐ Organisational

- 57 What type of change occurs where the extent of the change is extensive and the nature of the change requires a rapid response?

Select the most relevant option.

- ☐ Evolution
- ☐ Reconstruction
- ☐ Adaptation
- ☐ Revolution

- 58 According to PRINCE2 methodology, which process must be undertaken when a project has more than one stage?

Select the most relevant option.

- ☐ Directing a project
- ☐ Starting a project
- ☐ Initiating a project
- ☐ Planning
- ☐ Controlling a stage
- ☐ Managing stage boundaries
- ☐ Managing product delivery
- ☐ Closing a project

- 59 Team A have been working together on a project for three months. At the latest project review meeting it has become apparent that the project scope has begun to increase due to additional requirements from key customers. Miss S states the team need to focus on the original objectives agreed at the start of the project. Mr B argues that the customer is always right and the team needs to adapt to the new requirements. Mr D wants the Project Manager to raise the issue with the Project Sponsor.

According to psychological research on group development by Bruce Tuckman, which stage in the process of group formation is Team A?

Select the most relevant option.

- ☐ The norming stage
- ☐ The storming stage
- ☐ The forming stage
- ☐ The performing stage

-
- 60 **Calculate the total time needed for a project if the earliest start time is day 3, the latest finish time is day 25, and the float time is 2 days.**

Write your answer to the nearest whole day.

Practice mock answers



Answers

- 1

The correct answer is: Reconstruction can also be undertaken within an existing paradigm, but requires rapid and extensive action. It is a common response to a long-term decline in performance.

Adaptation is the most common type of change. It does not require the development of a new paradigm and proceeds step by step.

Evolution is an incremental process that leads to a new paradigm. It may arise from careful analysis and planning or may be the result of learning processes. Its transformational nature may not be obvious while it is taking place

Revolution is a rapid and wide-ranging response to extreme pressures for change. A long period of strategic drift may lead to a crisis that can only be dealt with in this way. Revolution will be very obvious and is likely to affect most aspects of both what the organisation does and how it does them.
- 2

(1)

Define corporate objectives

(2)

Collaboratively define job tasks and responsibilities

(3)

Agree and set specific task objectives

(4)

Agree and set specific key results

(5)

Agree individual performance improvement plans

(6)

Establish system of monitoring, self-evaluation and review of performance against objectives

(7)

Period review of performance
- 3

The correct answer is:

It may become difficult for trainee management accountants to progress from back office roles via analysis roles to business partnering.

Finance function embedded in business area

Improvement in quality through knowledge sharing.

Shared Service Centre

Flexible services are provided to meet the changing demands in the market.

Business Process Outsourcing

4

The correct answer is: Forming – The objectives being pursued may as yet be unclear and a leader may not yet have emerged.

Storming – There may be changes agreed in the original objectives, procedures and norms established for the group.

Norming – Norms and procedures may evolve that enable methodical working to be introduced and maintained.

Performing – The team sets to work to execute its task.
- BPP

LEARNING MEDIA


- Practice mock – Answers
- 117

5 The correct answer is:

True:

They allow the employee and their assessor to discuss and agree on personal objectives

They provide a system on which salary reviews and promotions can be based

Written reports should be objective

False:

Reports on employees should be made out in writing and at annual intervals – The intervals at which the appraisal should be carried out depend on the nature of the employee's work. For specialist staff that move from one long-term assignment to another, appraisal may be appropriate after each assignment is completed. For staff engaged in more routine work, an interval of six months or a year may be suitable.

They lead to improvements in performance – Criticism of areas where performance has been weak can lead to a defensive response, and future performance may actually deteriorate.

There should be no need to follow-up after the interview has taken place – If the system is to be effective, staff must have confidence in it. This will only happen if results are seen to follow from the assessments.

Assessments should not be discussed with the person assessed – If employees do not know what is being written about them, they will not be able to improve in areas where shortcomings have been noted.

The subjective element in such systems should be entirely eliminated – One way of improving objectivity is to make the assessment form very detailed: the more specific the assessor is required to be, the less margin there is for subjective responses.

6 The correct answer is: This ecological approach suggests that as an organisation's environment changes, it will only survive if it adapts and evolves. The organisation's behavioural context must be changed from one of repression to one of renewal.

The positioning (outside-in) approach suggests that the main source of competitive advantage lies in how the organisation fits its strategy to its external environment.

The resource (inside-out) based approach suggests that the main source of competitive advantage lies in how the organisation exploits its distinctive (unique, hard to imitate, competitively value-adding) internal competences and resources.

7 The correct answer is: Increase resources and increase quality. The current quality is not acceptable to the HR Director – a key stakeholder in the project. This means significant work is required and therefore additional resource will be needed to meet the deadline in two months' time.

Maintain quality and reduce resources – current quality is not acceptable. Reducing resource would further reduce quality or impact the project completion date.

Reduce resources and increase quality – the quality needs to be improved, but reducing resource is likely to further reduce quality and impact the project completion deadline.

Increase resources and maintain quality – an increase in resource would ensure the deadline is met for project completion but existing quality is not acceptable so maintaining at this level will not meet the standards of the new HR Director.

- 8 The correct answer is: Controlling a stage is the process undertaken by the project manager to ensure that any given stage of the project remains on course.
- Directing a project is the responsibility of the senior management team or project board. This process continues throughout the life of the project but is limited to higher aspects of control and decision making.
- Starting up a project is a short scene-setting pre-project process concerned with fundamentals such as the project's aims and the appointment of the project board and project manager.
- Initiating a project is an initial planning process that includes quality planning, setting up project controls and creating the project initiation document, which sets fundamental progress and success criteria.
- Planning is a process that may be carried out at any time in order to satisfy the requirements of other processes.
- Managing stage boundaries is the process that must be undertaken when a project has more than one stage.
- Managing product delivery is the process that controls work done by specialist teams by agreeing what work is to be done and ensuring that it is carried out to the proper standard.
- Closing a project is the process by which the project manager brings the project to a conclusion. It consists of checking and reporting on the extent that the project has been a success.
-

- 9 The correct answer is:
- Quantitative research is based on facts and numbers, and is objective. As a result the correct answers are as follows:
- Review of competitors' operating statements – trend analysis and financial ratios can be calculated
 - Comparison return on investment (ROI) achieved with that for competitors – ROI is a financial ratio
 - Determine levels of customer satisfaction by reviewing the speed of complaint resolution
- Qualitative research involves collecting and analysing non-numerical data, and is useful for understanding behaviours and attitudes.
- Observation – Observation of the way customers use products
- Online Surveys – Use of online surveys to collect data from website visitors
- Online Surveys – Use of tools such as Google analytics to collect data from website visitors
-

- 10 The correct answer is:
- A range of control activities
- Monitoring the continuing effectiveness of the system
- A strong control environment
- Results of poor internal control:
- Unauthorised access to financial data and customer records, including sensitive information, results in security breaches and compromised accounts.
 - Lack of internal controls typically results in the lack of ability to track performance against budgets, forecasts and schedules.
-

11 The correct answer is:

Profession – the student is studying engineering and working in an engineering factory environment.

Type of business – manufacturing culture is based on output results meeting specification.

Organisational – the student will have to participate in the corporate culture, which will be heavily influenced by the national culture in China.

Culture can be discussed on many different levels. The 'category' or 'group' of people whose shared behaviours and meanings may constitute a culture include:

- A nation, region or ethnic group
- Women versus men ('gender culture')
- A social class (eg 'working class culture')
- A profession or occupation
- A type of business (eg 'advertising culture')
- An organisation ('organisational culture')

12 The correct answer is: 3.

Latest finish time is day 21, require 15 days to complete: $21 - 15 = 6$

Earliest start time is day 3: $6 - 3 = 3$

13 The correct answer is: Procurement – Operations – After Sales Service – Human Resource Management.

Procurement – acquiring the produce locally, from organic suppliers that are reliable

Operations – includes those activities that make up the basic service

After sales service – providing advice on how to cook produce and ensuring their café experience was excellent

Human resource management – training provided through the apprenticeship scheme

14 The correct answer is: Perceptual selection, jargon and selective reporting.

Perceptual selection. People hearing only what they want to hear in a message.

Jargon. People from different job or specialist backgrounds (eg HR managers and IT experts) can have difficulty in talking on a non-specialist's wavelength.

Selective reporting. Subordinates may give superiors incorrect or incomplete information (eg to protect a colleague or to avoid 'bothering' the superior). A senior manager may, however, only be able to handle edited information because they do not have time to sift through details.

Encoding refers to the process of transferring the information the sender wishes to send into a given form, for example putting information into words.

Informal communication can furnish emotional and social support to an individual, improving communication.

15 The correct answer is: Avoidance – there is a high probability of this software causing an issue as it has already been identified that it does not meet the requirements. There are legal implications to not securing customer data effectively, and the potential for payment details to be stolen means the impact could be extensive and expensive. A new software package needs to be identified and used for the payment element of the webstore.

Reduction or mitigation. Measures taken to reduce the likelihood and/or the consequences of the risk event.

Transference. The risk is passed on to, or shared with, another party (eg an insurer).

Absorption. The potential risk is accepted in the hope or expectation that the incidence and consequences can be coped with if necessary.

16 The correct answer is:

Completing tasks according to the schedule	Execution
Ensuring the project meets the goals	Project Completion
Setting project goals and objectives	Initiation
Recruiting the Project Manager	Planning
Measuring project progress	Control

17 The correct answer is:

Threat of new entrants	High
Threat of substitutes	Low

A new entrant into an industry will bring extra capacity and more competition. The strength of this threat is likely to vary from industry to industry, depending on:

The strength of the barriers to entry. Barriers to entry discourage new entrants. The likely response of existing competitors to the new entrant.

The removal of the patent means that the barriers to entry have been substantially lowered. The completion of a new facility with lots of capacity means that the likely response of Company A's competitor is likely to be rapid and high volume.

A substitute product is a good/service produced by another industry that satisfies the same customer needs. Substitutes for the pharmaceutical industry may include use of herbal medicines and hypnosis or acupuncture. This level of substitute is unlikely to change due to the removal of the patent.

18 The correct answer is: Planning.

Planning is not a constraint; it is a process that may be carried out at any time in order to satisfy the requirements of other processes.

19 The correct answer is: Industry competitors have similar products but are different in other ways, such as geographical market or range of products.

Brand competitors are similar firms offering similar products market or range of products

Generic competitors compete for the same disposable income with different products.

Form competitors offer products that are technically significantly different, but satisfy the same needs.

20 The correct answer is: Introducing a training programme for existing managers.

According to Herzberg's hygiene-motivation theory, Hygiene factors are essential and therefore expected to be in place by the workforce. Absence of one or more hygiene factors will cause dissatisfaction. Introduction of motivational factors will only increase satisfaction if all hygiene factors are satisfied.

Currently at RSJ Construction, a key hygiene factor that is absent is the quality of supervision, and this means that the most immediate aspect to be rectified is to improve the quality of supervision by training the existing management team.

21 The correct answer is:

A network integrator outsources heavily to other companies.

Dynamic

A large company has separate units acting as profit centres.

Internal

A central company outsources some work to others.

Stable

22 The correct answer is:

	<i>True</i>	<i>False</i>
(a) Temporal specificity arises from an ability that is constrained to a given time, such as a landing slot at an airport	☒	☐
(b) Dedicated asset specificity arises from unique physical properties, such as rare mineral deposits	☐	☒
(c) Physical asset specificity arises in a man-made asset that has only one application	☐	☒
(d) Human asset specificity arises from skills or knowledge that are relevant to the requirements of a single organisation	☒	☐
(e) Brand name specificity is brand equity that is not susceptible to brand extension: that is, the value of the brand will deteriorate if it is spread over too many products.	☒	☐
(f) Site specificity arises from location	☒	☐

Physical asset specificity arises from unique physical properties, such as rare mineral deposits

Dedicated asset specificity arises in a man-made asset that has only one application

23 The correct answer is: They do not indicate the need for resources to be co-ordinated at critical phases of the schedule.

24 The correct answer is: False.

Setting milestones involves breaking the project down into a number of segments or phases that can be easily defined by key events and unambiguous targets of what needs to be done, and the responsibilities for doing this.

Certain milestones, known as control gates, represent key points in the project's lifecycle that allow the project sponsor or steering committee the opportunity to review project progress and make a decision as to whether to continue with, or terminate, the project.

25 The correct answer is: Premise, special alert, implementation and surveillance.

Premise control is designed to check methodically and constantly whether the premises on which a strategy is grounded on are still valid.

A special alert control is the rigorous and rapid reassessment of an organisation's strategy because of the occurrence of an immediate, unforeseen event.

Implementation control is the type of strategic control that must be carried out as events unfold.

Strategic surveillance is designed to observe a wide range of events within and outside your organisation that are likely to affect the track of your organisation's strategy.

26 The correct answer is:

Corporate

Decision to limit the activities of the business to a single market

Business

Decision to compete by offering a wider range of products

Functional

Decision to invest in new plant

27 The correct answer is: Can be substituted by a similar resource.

If a unique resource can be substituted by a similar resource then this reduces the competitive advantage that it generates an organisation.

28 The correct answer is: Scheduling employee shifts and dealing with customer complaints

Recruitment of factory managers, meeting with new suppliers, meeting with existing suppliers and setting product pricing are all part of the business level of strategy.

Setting the marketing budget is part of the corporate level strategy

29 The correct answer is:

Mr A

Plant

Mr B

Completer-finisher

30 The correct answer is:

High volume purchases

Homogenous products

Low industry cost of switching supplier

Ability to bypass the supplier

Focus on cost

31 The correct answer is:

(a) Use of an integrated computer system



(b) Operating separate bonus schemes for the sales force administrative staff and management



(c) Increase in staff union membership



(d) Reduction in headcount across the organisation



(e) Staff managers encroaching on the roles of line managers



Horizontal conflict between individuals and groups at the same broad level in the organisation. This is often based on competition for limited influence and resources

Vertical conflict between different levels in the organisation hierarchy. This is often based on conflict of interest and power imbalance

32 The correct answer is: The Abilene Paradox.

Group members accept an idea they don't like in the belief that everybody else supports it. In reality, nobody does.

33 The correct answer is: Accommodating.

Avoiding. Withdraw from the conflict.

Accommodating. Concede the issue to the other person, regardless of your own legitimate concerns.

Competing. Insist on your own concerns at the expense of others.

Compromising. Trade concessions through bargaining, negotiating and conciliating, so that each party makes some concessions in order to obtain some gains.

Collaborating. You work together with the other party in an attempt to find an outcome in which the assertively-stated needs of both parties are met as far as possible.

34 The correct answer is: Salary.

35 The correct answer is: Diagonal.

This is interdepartmental communication by people of different ranks.

36 The correct answer is:

Persuasion differs to influence as it is always of a direct and deliberate nature. Persuasion is aligned to a particular objective which can only be achieved by gaining the support of others.

Persuasion is not the same as commanding a person to do something, as it focuses on reaching agreement.

37 The correct answer is: Add resource.

If capable staff are available and it is practicable to add more people to certain tasks, it may be possible to recover some lost ground.

With only a month to go, it is unlikely that introducing incentives or rescheduling at this stage will make much difference. If the specification is unrealistic this should have been identified much earlier, so this is also unlikely to be an option now. It is unlikely that the project can be delayed, so re-planning is also unlikely to be an option. Doing nothing will mean that the project deadlines are not met and so this is also not an option.

38 The correct answer is:

Strengths

Good relationship with customers

Reputation for innovation

Weakness

Currently struggling to meet deadlines

Opportunity

Loyal customers

Similar products on the market are not as reliable or are more expensive

Threats

Competitors have launched a new advertising campaign

Downturn in economy may mean people are spending less

39 The correct answer is: Structured training programmes.

These should reduce resistance to change.

40 The correct answer is: Control, Change, Human asset, Strategy and Expertise.

Control. The strategic leader following this approach concentrates on setting procedures and control measures, and monitoring performance so as to achieve uniform, predictable performance.

Change. The leader using the change approach focuses on continual change, and expends much effort on communication and motivation.

Human assets. Such leaders are concerned to recruit the right people and to develop an appropriate culture.

Strategy. The leader taking the strategy approach focuses on strategic analysis and the formulation of strategy. Other managers take responsibility for routine operations and for the management of change.

Expertise. The expertise approach focuses on some form of technical expertise as a source of competitive advantage and concentrates on building expertise through systems and procedures

41 The correct answer is: Perspective.

Although both companies have the same strategic perspective that the economic downturn will impact how their product is perceived by customers, they have responded in completely different ways.

Plan. Strategy can provide a course of direction for an organisation.

Pattern. Strategy, whether intended or not, will be evident as a consistent pattern of behaviour over the long term.

Ploy. Strategy can be used as a tactic to deter or confuse competition.

Position. An organisation's strategy can provide an indication as to where that organisation places itself within a particular market or environment.

42 The correct answer is:

Objectives

are high-level organisational goals.

Measures

help you understand if you're accomplishing you're your objectives strategically.

Initiatives

are key action programmes developed to achieve your objectives.

Action items

typically arise from review meetings, and are tasks delegated to one person or a small team.

43 The correct answer is:

	<i>Financial</i>	<i>Customer</i>	<i>Internal</i>	<i>Learning and growth</i>
Comparable to other travel	☐	☒	☐	☐
High utilisation	☐	☐	☒	☐
Good locations	☐	☐	☒	☐
High employee ownership	☐	☐	☐	☒

44 The correct answer is:

The organisation can influence the opinions and behaviours of the group.

Minimal effort

A focus on education is used to avoid groups increasing their level of influence over the organisation.

Kept informed

Regular communications reassure and explain the consequences of the organisation's plans.

Kept satisfied

Allow the group to actively participate in the organisation's activities that affect them.

Key player

45 The correct answer is: Referent.

This is based on force of personality, or 'charisma', which can attract, influence or inspire other people.

Both Directors will have reward, legitimate and expert power. Coercive power is rare in business but may be found in the form of bullying. Negative power would disrupt operations so this is not shown by either director.

46 The correct answer is:

Problem

Possible Solution

Expert managers may lack realism, going for technically perfect but commercially impractical solutions

Expert managers monitor operational issues, updating the middle line

Middle line managers may be more senior in the hierarchy

Use of functional authority

Expert managers may lack responsibility for the success of their ideas.

Expert managers implement suggestions, sharing accountability

47 The correct answer is: Focus on personal interactions and relationship building.

This is an advantage of oral and face-to-face communication because of the ability to build rapport and be sensitive to the audience's needs and responses.

48 The correct answer is:

Ethical objectives are identified in the mission statement

A whistle-blowing helpline is available to all staff, customers and suppliers

Establishment of an ethics committee

The other points are examples of a compliance based approach to the management of ethics in organisations.

49 The correct answer is:

The technology available within the organisation

The company code of ethics

The company statement of values and beliefs

Departmental structure

Overt aspects of organisational culture are visible as they are documented and therefore even outsiders should be aware of them. Sandeep should have been aware of these before joining the company.

Covert aspects are not directly in control of management and Sandeep would not become aware of these until she has worked within the organisation. These include informal communication, processes and relationships.

50 The correct answer is:

Competing:

High: Assertiveness/Low: Importance placed on the relationship

Avoiding:

Low: Assertiveness/Low: Importance placed on the relationship

Collaborating:

High: Assertiveness/High: Importance placed on the relationship

51 The correct answer is: Groupthink.

A strong culture of self-belief means that ideas generated by the group are not critically evaluated.

52 The correct answer is:

Specialist skills – a team might exist to combine expertise from different departments.

Power in the wider organisation – team members may have influence.

Access to resources – team members may contribute information, or be able to mobilise finance or staff for the task.

The personalities and goals of the individual members of the team – these will determine how the group functions.

53 The correct answer is: Brand, Industry, Generic and Form.

Industry competitors have similar products but are different in other ways, such as geographical market or range of products.

Brand competitors are similar firms offering similar products market or range of products.

Generic competitors compete for the same disposable income with different products.

Form competitors offer products that are technically significantly different, but satisfy the same needs.

54 The correct answer is: A high level of fixed costs.

A few firms may promote a large number of brands and high switching costs

A high level of fixed costs, with a consequent high breakeven point, requires entry on a large scale. If the market as a whole is not growing, the new entrant has to capture a large slice of the market from existing competitors.

A few firms may promote a large number of brands to crowd out the competition. Existing firms in an industry may have built up a good brand image and strong customer loyalty over a long period of time.

Switching costs refer to the costs (time, money and convenience) that a customer would have to incur by switching from one supplier's products to another's.

55 The correct answer is: Execution.

Using allocated resources to complete the tasks according to the schedule.

56 The correct answer is:

Social class – he comes from a small mining village and is therefore likely to have been influenced by a working class culture as a child and young adult.

Profession – he is a university professor and is therefore influenced by the teaching profession and his field of expertise.

Organisational – working for a university will have influenced the professor in academic circles as well as the organisational culture of the specific university he works at.

Gender – as a man, the professor will be influenced by gender culture.

57 The correct answer is: Revolution.

Revolution is a rapid and wide-ranging response to extreme pressures for change. A long period of strategic drift may lead to a crisis that can only be dealt with in this way. Revolution will be very obvious and is likely to affect most aspects of both what the organisation does and how it does them.

Adaptation is the most common type of change. It does not require the development of a new paradigm and proceeds step by step.

Reconstruction can also be undertaken within an existing paradigm, but requires rapid and extensive action. It is a common response to a long-term decline in performance.

Evolution is an incremental process that leads to a new paradigm. It may arise from careful analysis and planning or may be the result of learning processes. Its transformational nature may not be obvious while it is taking place

58 The correct answer is: Managing stage boundaries.

Managing stage boundaries is the process that must be undertaken when a project has more than one stage.

Directing a project is the responsibility of the senior management team or project board. This process continues throughout the life of the project but is limited to higher aspects of control and decision making.

Starting up a project is a short scene-setting pre-project process concerned with fundamentals such as the project's aims and the appointment of the project board and project manager.

Initiating a project is an initial planning process that includes quality planning, setting up project controls and creating the project initiation document, which sets fundamental progress and success criteria.

Planning is a process that may be carried out at any time in order to satisfy the requirements of other processes.

Controlling a stage is the process undertaken by the project manager to ensure that any given stage of the project remains on course.

Managing product delivery is the process that controls work done by specialist teams by agreeing what work is to be done and ensuring that it is carried out to the proper standard.

Closing a project is the process by which the project manager brings the project to a conclusion. It consists of checking and reporting on the extent that the project has been a success.

59 The correct answer is: Storming. There may be changes agreed in the original objectives, procedures and norms established for the group.

Forming. The objectives being pursued may as yet be unclear and a leader may not yet have emerged.

Norming. Norms and procedures may evolve that enable methodical working to be introduced and maintained.

Performing. The team sets to work to execute its task.

60 The correct answer is: 20.

Latest finish time is day 25 and earliest start time is day 3: $25 - 3 = 22$

Float time is 2 days: $22 - 2 = 20$

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Contact us

BPP House
142-144 Uxbridge Road
London W12 8AA
United Kingdom
T 0845 075 1100 (UK)
T +44 (0)20 8740 2211 (Overseas)
E Learningmedia@bpp.com
bpp.com/learningmedia

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